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DEPARTMENT OF ACCOUNTING

An analysis of e-banking as a cost reduction method at Central Africa Building Society (CABS).

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**SUBMITTED IN FULLFILLMENT OF BACHELOR OF COMMERCE
ACCOUNTING HONORS DEGREE AT MIDLANDS STATE UNIVERSITY**

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Approval Form

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Dedication

I would like to dedicate this dissertation to my beloved family members and my friends.

Acknowledgements

I would like to thank the Most High God for his mercies and his guidance throughout this research. May glory and honor and dominion and majesty be granted unto the great I am. I would like to express my gratitude to various people for the outstanding support they have shown in assisting me on this research.

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Abstract

The main thrust of the study was to carry an analysis of e-banking as a costs reduction measure at CABS. The focus was on the analysis of the effectiveness of the e-banking model at CABS. A research was prompted as many authors castigated that e-banking present banks with a perfect opportunity to reduce costs and maximize profits but after having introduced e-banking at CABS costs did not reduce thereby creating a basis for researching into the reasons why. Empirical evidence was gathered from books and newspapers on the main objective of e-banking, advantages and challenges in the implementation of e-banking model, challenges linked with the adoption and factors that are fundamental for the success of e-banking. The writer made use of the descriptive research design hence the findings were gathered through the use of questionnaires and interviews. The results showed that the main objective of e-banking was to reduce costs but overly costs kept on rising due to several factors. It was noted that though there were rising costs there were some advantages enjoyed through the use of the e-banking model. Recommendations that were suggested included continuous programs of training and retaining of key personnel, formulation and enforcing of security policies, and adoption of e-banking in its entirety.

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List of Acronyms

ICT:	Information Communication Technology
CABS:	Central Africa Building Society
EFT:	Electronic Fund Transfer

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter takes into account the background of the study, statement of the problem, objectives for conducting the research, main research question, sub-research questions, research objectives, limitations, assumptions and definition of terms.

1.1 Background of the study

The business environment in this modern world has entered into what is termed the digital age and information technology has become the harbour of success in recent years. Manzoor, (2010) defines e-commerce as the means by which business is conducted within business, business to business and business-to-consumers through electronic means and technologies. In order for the benefits of e-commerce to accrue Shaw (2016) suggests that organisations must have advanced internet access, effective use of network technologies and related websites. The adaptation of e-commerce has brought a historical transformation in the financial service industry over years that have been termed electronic banking.

Electronic banking (e-banking) as defined by Sarlak and Hastiani (2011) is the undertaking of banking activities using electronic delivery channels. It can be described as the integration of banking with electronic and network technologies. The fundamental objective of e-commerce is making revenue at the lowest of cost and therefore e-commerce becomes a key player in meeting the grand organisational goal of profit making. According to Singh (2012) e-banking can increase revenue as a result of exploring new markets, allowing more transactions and providing clients with a wider range of banking products and services thereby making more clients wanting to deal with the bank. Cost can also be reduced in terms of cutting on transaction costs which are the costs associated with providing a service or a product. Singh (2012) in summary pinpoints that profit can be realised by adopting e-banking as revenue increases and costs being cut down.

E-banking can affect positively the costs in more than one way, Shah and Clarke (2009); firstly by having administration and management costs reduced through the use of digitalised and automated processes. Secondly, electronic banking comes with low operating costs such as the costs of employing more workers to serve clients and high street rentals for branches are cut down.

Robbins and Coulter (2005) states that the prime responsibility of corporate managers is to be stewards of shareholder's money and this means that they have to invest their shareholders' capital at some profitable rates in order to maximize shareholders' wealthy. Managers have a mandate to control the cost with the sole goal of creating value in terms of money invested for the shareholders, Brigham and Houston (1998) and thus CABS have fully embraced the e-banking concept through the year-end review meeting of 2013, to curb the increasing transaction cost.

Since the introduction of the US dollar in 2008, the business grew remarkably and the anticipation was that profits were going to rise proportionally but in actual fact they were declining owing to the increasing costs. While on work related learning the writer observed that financial highlights indicate that the transactional costs as a percentage of revenue have been raising as the costs was 30.85% in 2009, 32.19% in 2010, 36.61% in 2011 and 39.3% in 2012 and this was confirmed by Tsumba (2015). During the above mentioned periods, CABS had been relying heavily on traditional way of banking and had not developed the bank into a fully-fledged for e-banking system hence; the information indicates that it was experiencing increasing transactional cost.

In order to curb the rising transactional costs, the Business Development committee embarked on e-banking but however, transactional costs continued to rise as a percentage of revenue from 40.9% to 44.36% in 2013 and 2014 respectively (Tsumba, 2015). Transactional costs continued to be on the rise for CABS as represented by figures above despite adapting to e-banking as cost reduction tool and with that cause this investigation was undertaken. The focus of this investigation was to appreciate how e-technologies can aid in terms of cost reduction to the banking world.

1.2 Statement of the problem

CABS introduced the e-banking facility at 2012 year-end as a remedy to the increasing transactional costs. Transactional costs continued to be on the rise from 2013 to 2014 regardless of adapting to e-banking. Thus, the writer was prompted to examine the efficacy of this facility.

1.3 Main Research question

How far has the e-banking initiative attained the management's ultimate goal of cost reduction and profit maximization?

1.3.1 Sub research question

- What is the incentive brought by e-commerce and reason it was incorporated in banking world?
- Does e-banking have advantages?
- What are the limitations of e-banking and how they affected its effective operation?
- What is it that is imperative to the success of e-banking at CABS?
- How are the challenges of e-banking be exterminated to ensure highest possible outcomes are realised from the model?

1.4 Research objectives

- To establishment of the reason behind e-commerce at CABS.
- To ascertain the advantages of e-banking at CABS.
- To find the challenges linked with e-banking and to establish how the efficient operation of e-banking at CABS has been affected by these.
- To determine the measures that can be implemented in order to overcome the challenges of e-banking at CABS.
- To determine the essential aspects that underpins the success of the e-banking in which CABS should concentrate on to realise its objectives.

1.5 Justification of the study

To the writer

- This investigation helped the writer to improve in problem solving and in partial fulfilment of the B. Com Accounting Degree at the Midlands State University

To CABS

- Provide recommendations to CABS from the research that are vital for the bank to improve its efficiency and achieve its fundamental goals.

To the University

- If the research findings are accepted then the research can be used as a reference material for other researchers.

1.6 Delimitation of the study

- The focal point of the writer was on CABS head office Harare and limited only to CABS management and employees at the head office.
- The writer's concentration was on the model of e-banking as a cost saving technique.
- Focus was only on the period between 2012 and 2014.

1.7 Assumption

- CABS employees have the knowledge of e-banking.
- CABS will remain listed on the Zimbabwe stock exchange.

1.8 Limitation of the study

- The research was constraint by time as the writer only maximised of the period he was on attachment and the vacation.
- Access of information was difficult as the bank was very confidential with its information.
- The research involved some costs which needed to incurred and due to some financial difficulties the writer ran short of funds

1.9 Definition of terms

- **E-banking**

This is the automated provision of banking services through electronic communication channels.

- **Transactional costs**

These are all banking costs that can be potentially affected by e-banking including transacting and non-transacting costs.

- **CABS**

Central Africa Building Society

- **Banking services**

These are ways banks assist their customers, these include transfer of money, operation of accounts, offering of loans and mortgages, payment of bills and foreign currency dealing.

1.10 Chapter summary

This segment of the research covers the introduction to the research outlining the problem of the rising transaction cost faced by CABS and the research objectives of the investigation. The chapter outlines the underlying assumptions, limitations and delimitations as well as definition of terms. The next chapter focuses on the literature review gathered by other authors regarding e-banking.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter seeks to consider the literature that is related to e-banking as a cost cutting technique, the empirical evidence from different banks and countries. The literature was drawn from various sources like journals, textbook and articles that contained studies done by other authors in examining how e-banking has reduced costs. The chapter is concluded by a summary of information gathered from surveys done by other people.

2.1 Overview of adaptation of e-commerce in banking

Shah and Clarke (2009) define e-banking as the use of various electronic platforms such as internet banking and mobile banking in providing financial services. Laudon and Traver (2014) said that e-commerce started as only a wave of technological developments but in early 2000 the developments were incorporated in the business world. According to Montague (2011) the development was with the hope of eliminating those cost associated with providing financial services to the clients such as higher rentals for branches and wages for tellers. Montague (2011) says information developments also came with the view to reduce costs of transacting and eliminate delays and risk associated with the manual exchange of documents.

According to Singh (2012) e-banking is indeed an e-commerce business model. Singh (2012) says that e-commerce has two main sub-divisions which are e-finance and e-money and banks have now taken the initiative of e-financing by providing financial services using electronic channels thereby making e-banking an e-commerce model. E-commerce was adapted in banking in the early 1980's in New York; Kolodinsky et al (2004) says that the adaptation of e-commerce in banking was meant to respond to customer's need and the increasing number of clients. Kalakota and Whinston (1997) argue that e-commerce brought to the banking world, inexpensive provision of products, services and information to the clients. Most banks have embraced the e-banking model with the view to reduce cost and enjoy other benefits and advantages that comes with e-commerce.

According to Admati and Hellwig (2013) e-banking eliminated the geographical boundaries that were affecting the traditional banking system and allowing banks to increase their revenue by locating customers worldwide faster at a very low cost. In the traditional banking system the provision of 24/7 banking services had been very costly to provide but Singh (2010) argues that e-banking has made it possible for banks to provide 24/7 banking services at a very low cost. Collardi (2012) added that in the brick and mortar banks were very expensive to run due to staff cost, heating and lighting and insurance and high street rentals for branches operations that would cost hundreds of thousands of dollars to be lost per year. Banks can save thousands of dollars money by not paying on tellers but still provide far better services at a very low cost.

Admati and Hellwig (2013) agree to the fact that adapting to e-commerce information can be available to clients at the touch of buttons and providing them with whole lot of services they desire. Sarlak and Hastiani (2011) say clients can have extended services like, managing their accounts, balance checking, analysing the performance of their investments and after banking services without physically going to the bank and some of these services are provided faster and at a very lower cost on internet than physically acquiring them.

2.2 Empirical evidence

2.2.1 A case of European banks

In profit making businesses the core objective of operation is to make profit and this is with no exception with banks. With regards to this same view, the use of automated processes presents an opportunity for banks to minimize costs. In according to Forrester research, (2003) in a study on how e-banking has reduced costs, the use of use of automated processes in banking has reduced costs in general.

According to the Forrester research (2003), the adaptation of most European banks to e-banking has led to tremendously reduction in costs. The study focused on how the introduction of ATMs has managed to reduce cost as compared to branches. The study compared the unit transaction costs of using the two different channels of distribution. In 2003 European banks on average had a unit transaction cost of \$2 when transacting using the branch system. This means that on every transaction that is done at a branch it would cost an average of \$2 in most banks in Europe. Forrester research (2003) further compared the costs with those banks like

Standard Chartered which had successfully established the ATM system and came to the conclusion that on average the unit transaction costs when using ATMs is \$0.22. Forrester research (2003) explains that banks that have successfully adapted to e-banking in Europe have reduced their unit transaction costs by a margin of about 89% and have resulted in profitability. The research points out that due to automation of certain functions costs that would be attributed to service will be reduced as the technology will have reduced certain costs directly attributable to the product or the service provided.

2.2.2 A case of Wells Fargo bank (USA)

Booz et al (1996) carried a study of e-banking in USA banks drawing much attention to Wells Fargo bank. The study examined the unit transaction cost on branches in relation to that of using e-banking channels of distribution like the telephone banking and ATM. In their study they found that on average US banks which rely much on branches as a major channel of distribution incur a unit transaction cost of \$1.07. Banks that have developed much in e-banking incur on average unit transaction cost of \$0.27 and \$0.15 when using ATM s and internet banking respectively. Booz et al (1996) concluded that e-banking in US banks reduced unit transaction costs by about 0.78% when using ATMs than using the branch distribution channel. Their study showed that when using internet banking the costs are even reduced by about 85% of the unit transaction costs. In general unit transactions made through online banking distribution channels in US are 13 times less costly than those done via branch tellers.

Booz et al (1996) in their study not only conclude that Wells Fargo bank reduced costs but they noted that there was an increase in speed and accuracy in the delivery of services. Before e-banking most USA banks were associated with long queue but the introduction of mobile banking, ATMs, online and offline channels long queues have been eliminated. Millions of transactions are being processed everyday which tellers were not able to process in a day. The study indicates that by using the e-banking projects costs have reduced significantly in US banks than when using traditional methods of distribution.

2.2.3 A case of Hansa bank (Estonia)

The Hansa bank was established in 1991 as a commercial bank and started independent operations in 1992 as branch in Tartu. The bank then further developed into other areas in the late 1990s. In a study done by Emor (2002) Hansa banks started off as operating as branch based then in the early 1990s but then adapted to e-banking in late 1990s going forward. Emor

(2002) said that Hansa incurred an average unit transaction cost of \$1 in the early 1990s when the bank was relying heavily on branch (traditional distribution channels). E-banking started with most multi-national banks with the objective to reduce costs in Estonian division and due to competition Hansa bank adapted e-banking to match up the changing environment. According to Emor (2002) the bank introduced e-banking projects like the online banking platform in late 1990s. Since the introduction of online banking the unit transaction costs have reduced to \$0.11 compared to \$1 that of through branch tellers. On average costs have reduced by 89%.

Emor (2002) said that Hansa bank increased the number of domestic payments processed via the branch from about 24,700 to more than 1,043,000 online payments per month. Emor (2002) it is due to management's initiative to educate clients on recent e-banking initiatives and its function that resulted in more transaction being done online.

Emor (2002) argues that the numbers increased as a result of provision of 24/7 operations to clients at a very low costs making clients willing to transact more than usual. In the traditional banking system the provision of 24/7 banking services had been very costly to provide but Singh (2010) argues that e-banking has made it possible for banks to provide 24/7 banking services at a very low cost. Similarly, Emor (2002) added that Hansa bank managed to make time zones irrelevant and provided extended hours of support services to clients at very low costs as compared to the branches. The bank could not afford to run the branch for 24/7 due to increasing overtime costs but e-banking technologies made it possible to provide 24/7 services through ATM, online and offline channels without increasing unit transaction costs of \$0.11. The research concluded that the use of internet in banking reduced costs at Hansa bank significantly as compared to the branch channel of distribution.

2.2.4 A case of Union bank (India)

In a study conducted by Toomla (2003) on Union bank in India, the bank was registered in 1919 and developed tremendously into a large bank. Since inception the bank was a traditional bank only until in 1999 when it had major transformations into e-banking. According to Admati and Hellwig (2013) e-banking eliminated the geographical boundaries that were affecting the traditional banking system and allowing banks to increase their revenue by locating customers worldwide faster at a very low cost. The bank managed to network more than 6000 ATMs in both towns and rural areas at home and abroad. The bank ventured into new markets in other

countries like Latvia, Belgium and UAE and in order to attract more customers through online banking. In the study done by Toomla (2003) Union bank increased its client base by a double margin.

Through the use of different e-banking channels costs have decreased significantly. The costs on each transaction on branch was R66 which equivalent to \$1. According to Toomla (2003) after the introduction of different e-banking distribution channels by the Union bank, online payments have made a 12.5% decrease on the unit transaction costs as compared to branch. He said that offline payments have reduced the costs with more than a double margin of online payments which is 30%. He concluded that the used of Debit cards reduced unit payment costs by 50% in relation to that of branch network. Due to e-banking convenience and low operation costs, Toomla (2003) said that the Union bank now have about 34% of payments being done online, 33% offline, 20% using Debit cards then only 13% of the payments are being through the branch distribution channels. In general costs have been reduced significantly due to e-banking channels in India and in particular the Union bank.

2.2.5 A case of Nordea bank (Finland)

Dynamo (2001) studied whether e-banking in Finland banks have resulted profitability. The study was centred on Nordea bank. A split was done on the unit bank payment cost on different e-banking distribution channels as compared to 100% of using the branch payment. The costs were subdivided into 4 categories which make up the unit payment costs. The categories are Development costs, HR related costs, ICT related costs and Marketing costs. According to Dynamo (2001), Nordia have been incurring unit payment costs of \$1.5 and these costs have been apportioned as development costs 1.1% of the unit payment costs, 96% HR related costs, 1.8% ICT related costs and 1.2% marketing costs. However, conclusions drawn from the study after Nordia bank introduced the online banking channel are that the unit payment costs decreased to 7.7% in relation to 100% unit payment costs of a branch. Development costs compared to 100 % branch unit payment costs when using online payment channels are 1.7%, 1.1% HR costs, 3.5% ICT related costs and 1.4% marketing costs. When combining these costs, total unit costs will was as low as about 7.7% in relation to 100% branch payments.

Development costs can either be business or ICT development costs. Dynamo (2001) says that development costs when providing a service like domestic payment are usually incurred on developing a channel a channel. He argued that online banking channels for Nordea bank have

high ICT development costs and phone banking mostly business development costs are incurred. This why there is a slight increase in unit payment development costs than in branch as there is need for development of the channels of distribution when going with online banking. Costs for client's relations management and online marketing costs (channel based marketing costs) do not vary with the channel used for distribution but are linked with client segmentation (Dynamo 2001) that's why they have changed slightly on both distribution channels.

Dynamo (2001) says that human resource costs are directly linked with the distribution channel that is being employed. He added in his study that Nordea bank under the branch distribution channel incurs about 96% of the unit payment costs and that when using online channels the human resource costs take only about 3.5% of the total unit payment cost. The findings indicates that branches incur much costs in personnel training, branch management and payment salaries to tellers whereas online banking requires personnel only in clients support in form of client managers and back-office personnel. Findings conclusively indicate that Nordea bank reduce personnel expenses considerably by adapting to e-banking.

ICT related expenses are channel based expenses. These are ICT costs that are incurred in maintaining the distribution channel. Dynamo (2001) explains that Nordea bank branches incurred about 1.8% of the unit payment costs in maintaining applications used by teller's to transact. Costs incurred using the ATM channel is estimated to be equal to that of branches but however online channels ICT maintenance costs are higher than that of branches. The costs include maintenance of communication lines and servers, data storage and software maintenance. He added that online ICT operational costs on average are higher than ICT operational costs on branch. ICT operational costs on online banking channels costs an average of 3.5% and above of the branch unit payment cost.

Conclusively Dynamo (2001) says that costs have gone down by more than 50% since the introduction of online banking channels at Nordea bank in Finland as compared to the traditional branches that had high operating costs. Dynamo (2001) indicated that Nordea bank realised the objective of costs reduction mainly due to strategic implementation of e-banking platforms.

2.2.6 A case of Pakistan (Askari bank)

E-banking practices started in the mid 1990's in Pakistan with foreign banks being the master minds of the advent of e-banking. It is only in the late 1990's that local banks adapted technological developments in banking in form of ATM and the use of debit cards. Askari bank is a local commercial bank in Pakistan. The bank was founded in 1959 and since then it was struggling to break through the market due to competition from foreign and other local banks. In 1998 the bank introduced the e-banking facility with the view to reduce costs and maximise profit by venturing into new markets.

The bank passed through a lot of transformations from being a traditional bank to an e-banking commercial bank in recent years. Kolacho (2006) says that since introducing e-banking in 1998, Askari bank provided the following online products and services to the clients; inquiry of bank statements, balance checking, statement of check inquiry and fixed deposit inquiry. Customers have the privilege of making online payments like fund transfer, payment of credit card, direct deposit and payment of Utility bills. Clients now make request online like cheque book request, stop payment request, demand draft request and Debit or Credit card request. Customers were able to download bank statements and personal profiles online using the internet.

Collard (2012) said the fundamental incentive for e-banking is for cost reduction and profit maximisation and with full functioning of e-banking cost can be reduced at a margin that is not less than 50%. He added that in traditional banks more costs were being incurred in providing services to the clients than in modern virtual banking. According to Kundi & Shah (2009), when Askari bank introduced e-banking, the objective was to minimise of costs associated with high rentals for branches and saving employment cost significantly by the end of 2008. They anticipated a general reduction on costs to be above 55% by the end of 2008. Kundi, (2008) said that high rental costs and staffing costs on branches were anticipated to reduce by a margin of more than 40% as sizes of braches will be reduced due to automation of certain functions like replacing the tellers with ATMs and online banking channels. In order to meet these goals the bank embarked on a number of e-banking projects to like electronic fund transfers (EFT), use of Debit and Credit cards and online payment.

In a study carried out by Shakil Ahmad, Rashid and Ehtisham-Ul-Mujeeb (2012) that was centred on establishing the profitability of e-banking in Pakistan, banks in Pakistan have failed

to significantly achieve the e-banking's grand objective of cost reduction due to certain considerations. In their study they established how banks in Pakistan have adapted to e-banking and how the challenges in adaptation have affected the costs. According to Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb (2012) since adapting to e-banking Askari bank has experience an estimated 10% reduction in cost of in general compared to a general reduction of above 50% as anticipated. Although costs like stationery and admin costs went down but operational costs did not drop significantly.

Turban et al, 2000 said that it's not always that e-banking reduces costs but there are other factors that need to be rightly considered and applied for e-banking to produce the intended results. In their study they have said that a number of factors in the adaptation process of e-banking affected many banks in Pakistan including Askari and these factors include poor infrastructure, customer technology awareness and lack of security as top of the list.

Infrastructure development is very important in the success story of e-banking. Pitts and Lei (2006) defines ICT infrastructure as the integration of all information technologies with the view of developing, testing and supporting of ICT services. Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb, (2012) said that banks like Askari have failed to set up good infrastructure that allow online connection between the bank and its clients. It is because of the lake of technology and enough funds to build the much needed infrastructure that resulted in Askari's use of the traditional banking methods more than the e-banking ways. It is with that fact that the expected reduction in costs has not been attained as there is still no infrastructure in place to support the e-banking projects making heavy reliance on traditional banking methods that are regarded as costly (Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb, 2012).

According to Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb (2012), studies have indicated that increase in the number of ATM related theft and ICT fraud cases from techniques like man-in-the-browser and key logging, have generally made it difficult to reduce cost trough e-banking. The study indicated that failure to provide enough security done by Askari when adapting to e-banking has led to clients reluctant to e-banking and continue with traditional banking is costly to operate than e-banking.

One of the reasons that have made the adaptation of e-banking difficult in Pakistan with Askari in particular is failure to improve customer awareness to e-banking technologies (Shakil

Ahmad, Rashid and Ehtisham-UI-Mujeeb, 2012). Askari bank since adapting to e-technologies have done much in informing the clients on the how to use the new technologies and matters that relates to the security of their monies. This has resulted in most clients being reluctant to e-banking. It was estimated that only less than 10% of Askari banks's client s have connected to the bank using e-banking channels while the rest are still using traditional methods of banking.

Generally costs did not reduce as expected for Askari bank as Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb (2012) concluded that the bank has not done much in bringing its clients to e-banking. They added that the bank is still relying much in traditional banking methods which are costly and have only capitalise of few who are accessing the e-banking technologies.

However, Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb (2012) said that Askari managed to reduce some cost due to its adaptation to e-banking in terms of serving on the rental and staffing costs in some branches which are located in towns. The bank managed to substitute some big branches that occupied larger spaces with ATMs and downsized the staff required at allow the use of automated machines in serving customers.

2.2.7 A case of Fidelity bank (Nigeria)

The business environment is ever changing and businesses have to adapt to these changes for them to survive the hash changing environment (Joseph 2004). It is with this that businesses should continue to improve their technologies and processes in which they become less expensive and by so doing continuous research and development costs are incurred (Raghunath and Panga 2013). In empirical evidence gathered by Chiemeké et al. (2006) suggest that in Nigeria most banks have ventured to e-banking with the view to maximize profits through minimizing costs. Since e-banking adaptation the behaviour of some costs haven't been consistent due to the need for continuous research and development costs. The Nigerian Fidelity bank is considered to be relatively developing. Similarly, Ayo (2006) and Agboola (2006) studied that since the advent of e-banking at Fidelity bank the research and development in new ICT developments have increased by an average margin of above 60% compared to that of a branch. Fidelity bank conduct market and product researches every year to keep up with the changing environment. The bank incurs costs on research and development of software as well as the hardware in order to find new costs effective ways of doing business. The study

shows that ever since adaptation to e-banking research and development costs have been the management's talking point as they have risen from before e-banking (Agboola 2006).

It is not only about the direct cost associated with adapting to e-commerce that traditional banks factor in but they also need to incur indirect costs in form of transformation in the current set up (Turban et al, 2012). Fidelity bank is considered to be on the developing stage however, Ayo (2006) says that the bank is taking too long in fully developing e-banking due to high initial outlay of making the turn around. He noted that the bank had to incur a lot of costs in acquiring suitable software, installation costs, hardware and subscriptions to network providers in order to kick start the online e-banking projects. These high installation costs and research and development costs has risen considerably due to the adaptation of e-banking channels at Fidelity and most of Nigerian banks like Unity Bank and Wema Bank (Ayo, 2006). Though some costs were relatively going down but there are other costs that have increased due to e-banking.

2.2.8 A case of Ghana banks

It is the past that organisations valued the human muscle as the backbone of success but in recent developments technologies have automated most business functions and has significantly replaced the human muscle (Turban and King, 2010). According to Shaw (2016), the introduction of mobile banking platform, ATM's, PC banking eliminated the steps in the process of data re-entering in providing the essential service to the clients thereby reducing the human hands. However, Sayar, and Wolfe (2007) In as much as e-commerce reduces long run labour costs it can also result in the higher labour cost in the short-term in form of terminal benefits to the employees. In a study done by Woldie et al (2008) and Ghana Banking Survey (2011), Ghana commercial banking started back before independence with foreign owned banks like Standard chartered and Barclays bank dominating the financial sector and became the pioneers of e-banking in Ghana. Their study indicates that due to the stability of the economy the banking industry grew and in 2011 they were 28 operating banks with more than 850 branches nationwide. Increasing competition has led most banks to adapt to e-banking so as to lower costs and enable profitability.

Most banks now provide online services through the use of websites and some provide even offline services (Ghana Banking Survey 2011). The study indicates that human muscle has been substituted by these electronic channels like ATMs and mobile banking. E-commerce

removes duplication of processes and reduces much paper work making it possible for having redundancy workers. However, according to Ghana Banking Survey (2011) some banks have manage to reduce long run labour costs through automation of processes but the move resulted in the higher labour cost in the short-term in form of terminal benefits to the employees. Banks like Attijariwafa, Bank of Baroda and CAL Bank have reduced its man power due to e-banking but on average pay more per year in compensation for the redundant employees than they used to pay when they relied on branches. The survey indicated that these banks pay more in hiring part-time workers in times of peak business every year than they used to pay when using the branch channel of distribution.

In Ghana most banks have adapted to e-banking but according to a survey conducted by Asemanyiwa (2012) the Guaranty Trust Bank Ghana Limited (GTBank) has been one of the banks in Ghana that have successfully adapted to e-banking. The bank was registered in 2004 and in 2006 it obtained it licence from the reserve Bank of Ghana. In 2009 and 2010 the bank won several awards including best IT / Electronic Banking and Product Innovation. In the study several key factors have been attributed to the success story of GTBank which are management strategic implementation, infrastructure development, and training and retaining of personnel.

Hill and Jones (2009) define strategic planning as the process in which organisations define the direction to take by way of making worthwhile decisions on resource allocation in order to attain organisational strategic goals. They added that strategic planning extents to mechanisms used for the implementation of the organisational strategy. According to Narteh, (2012) and Twum and Ahenkora, (2012) the successful implementation of e-banking at GTBank was through the management effective setting up of controls that ensures the security of data, cost effectiveness, organisational vision and ethical values, controls that focusses on the attainment of the fundamental goal of costs reduction. Management embarked on programmes of staff training and retaining of key personnel and establishing of security for depositors through secure online platforms in order to set up firm bedrock for e-banking initiatives (Twum and Ahenkora, 2012). The management considered pumping resources in e-banking infrastructure which includes the acquiring of the Titan e-banking software worthy more than \$400,000 and other necessary hardware to kick start e-banking and these have played a crucial role in the GTBank implementation of e-banking to (Narteh, 2012). He concludes that by management's

ability to integrate these factors then e-banking can be successfully adapted and can achieve its ultimate goal of costs reduction and profit maximisation.

2.3 Chapter summary

This chapter covers the literature and empirical evidence from other banks that adapted to e-banking with the fundamental objective of maximising returns by reducing costs. However, from the other studies done it is evident that not all costs are reduced through e-banking but other factors must be taken into account for successful implementation and adaptation of e-banking for costs objective to be attained and this has prompted the writer to carry out the research. The following chapter looks at the research methodology and design used to gather findings.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

This chapter explains the how the research has been carried out. Welman et al (2005) define research methodology as principally, the techniques by which a research has been undertaken with the view of establishing a research plan in gathering the findings. In order to establish the

findings of this research these sections were covered; research design, study population, sample size and design, sampling procedures, sources of data, data collection instruments, reliability and validity, data presentation and analysis and lastly ethical considerations.

3.1 Research design

The research design is defined by Creswell (2003) as a work plan and its focus is to provide answers to the research questions from the evidence gathered. These are the methods in which relevant data that address the problem statement in the research is collected (Downton, 2003). Furthermore, Scruggs and Mastropieri (2006) added that the design displays the approaches and the strategies that have been applied in coming up with the solution to the research problem. There are numerous kinds of research designs and these includes; exploratory, explanatory and description. In this study a descriptive research design was adapted.

3.1.1 Descriptive research design

The descriptive research design is described by Salkind (2010) as a research plan that represents the real experiences of the subject matter in the research. Kothari (2004) also describes descriptive research design as a design that focuses on studies undertaken on individuals and groups. The design addresses the fundamental research questions of how, what, when, where and who that are to be answered in the research (Yin, 2003).

3.1.1.1 Justification of descriptive research design

The driving factor for the descriptive research design is that the design provides both qualitative and quantitative evidence from the samples selected to represent the population. The design enabled the gathering of findings through oral and written channel of communication. In addition the design enables easy statistical presentation of findings. Findings took relatively much time to bring together findings however, the design is considerably ideal in gathering the opinions represented by the sample as reinforced by Scruggs and Mastropieri (2006). Descriptive research design is further categorized into survey a method, observation and a case study. The analysis of this research is based on a case study of CABS and the writer adapted a case study descriptive research design which is an in-depth analysis of real events.

3.1.1.2 Justification of a case study

Ketchen and Bergh (2004) defined a case study as a pragmatic research method ideal for examining current phenomenon, aiming on the real life changing aspects of the case. It is ideal to use a case study when the study seeks to answer the how and the why question (Farquhar, 2012), and in this research the writer seeks to examine how has e-banking has reduced costs at CABS. It is due to the promptness and expedient that the writer chose the case study type of research. Although it is usually viewed as descriptive in nature, it provides reliable findings about how the organisation behaves when it comes to e-commerce.

3.2 Sampling strategy

3.2.1 Research population

Research population is the pool of elements in which a research is based (Scruggs and Mastropieri, 2006). It can also be defined as the group of people with common knowledge from which a sample can be taken from.

3.2.1.1 Target population

A target population is described by Saunders, Lewis and Thornhill (2003) as a cluster of individuals or cases in which conclusions are generalised and the population usually has visible distinctiveness. This research has targeted 130 employees who are based at CABS head office and were drawn from various cost centres which are ICT, Finance, Retail, Executive management and service centre

Departments	Target Population
Finance	40
ICT	8
General Management	10
Retail	60
Service Centre	12
TOTAL	130

Table 3.1 Target Population

3.3 Sampling techniques

3.3.1 Stratified random sampling

The writer used the stratified random sampling as the sampling technique in this research. Saunders and Lewis (2012) say a stratified random sampling is a technique that divides the target population of the research into relevant subsets known as strata and within the stratum samples are randomly selected. The strata based approach can represent the population reliably when each stratum is proportionally represented within the sample (Saunders and Lewis, 2012 and Thompson, 2012).

3.3.1.1 Justification of stratified random sampling

Hair (2007) says that the stratified random technique decreases the possibility of unfairness when selecting sample representatives and provides feedback from highly representative samples. The writer used the technique to eliminate bias in choosing the candidates to interview and those to probe through questionnaires. The technique saves time and cost as it allow for the even spread of the cases or elements over the population making its precision probability to be high even from a very small sample (Farquhar, 2012). Due to the limitations in funds and time the technique was ideal as it gave accurate results without committing much resources and time.

3.3.1.1.1 Sample size

A sample size is the numerical number of elements or cases that represent a stratum being observed in a research (Sekaran and Bourgie, 2013). A sample basically is a subgroup of the targeted population. 104 people from 5 different departments constituted the sample in this research and this represented by the table below.

Departments	Target population	Sample size
Finance	40	30
ICT	8	8
General Management	10	6
Retail	60	50
Service Centre	12	10
TOTAL	130	104

Table 3.2 Sample size

Hair (2007) says that a sample that represents a percentage of above 50% is said to substantially represent the targeted population thus 104 people out of a target population of 130 can represent the population at CABS substantially.

3.4 Data sources

3.4.1 Primary data

Primary data was described as unprocessed information gathered from the source and generated for the first time (Babin et al., 2012). This was data obtained within the organisation. In the sourcing of primary data, the writer issued self-designed questionnaires and interviews to gather findings from the employees themselves. The questionnaires worked as supporting arm to the interviews conducted so as to broaden the scope of the study.

3.4.1.1 Justification for using primary data

Primary data's reliability was unquestionable as it was data obtained by the investigator themselves and it was directed to answer the problem at hand. Primary data is very confidential and that which is gathered from the use of questionnaires allowed individuals to say what they think without being prejudiced making the data very authentic (Saunders, Lewis and Thornhill, 2003). Gathering of primary data was time consuming especially organising data from questionnaires however, the investigator has direct control on the accurateness of the data obtain making the source ideal.

3.4.2 Secondary data

Babin et al. (2012) say secondary data as opposed to primary data is data that has been obtained by other researches for other use. This type of data is collected from documents like annual financial statements, auditor's reports, internal reports, organisational reports and minutes of a meeting. Secondary data not necessarily come from within the organisation but even data produced from outside. Information obtained from the internet, books and internal reports were used in this research as secondary data.

3.4.2.1 Justification of secondary data

Generally obtaining secondary data was easy as it was already available and inexpensive. This type of data was obtained from sources like the CABS management cost analysis report and annual financial reports. Most of these statements are historic in nature, they are produced year in and year out thereby making comparisons becomes easy.

3.5 Research instruments

3.5.1 Questionnaire

A questionnaire as defined by Scruggs and Mastropieri (2006) is a collection of research questions designed for respondents to give feedback that is suitable for the study. The questionnaire approach has become prominent in recent researches. The writer designed questionnaires to compliment interviews conducted and also with the view of widening the range of the data collected for the study. Questionnaires are very effective on time management (Hair, 2007), and the writer used the closed question approach in order to save on time by making it easy for the respondents to answer the questionnaires. The writer used closed ended questions in conjunction with the Likert scale in this research.

3.5.1.1 Justification of questionnaires

The grand objective of issuing questionnaires is that questionnaires standardise the feedback from the respondents and they are very objective meaning they focus mainly on the research problem (Hair, 2007). In a work place where the respondents are busy, questionnaires are ideal as the collection of data is quick and would not disturb much on the work being done. They allow for data comparisons and analysis. The questionnaire approach minimise prejudice in their nature by eliminating the involvement of the writer probing and this makes them very effective in collecting suitable data. The writer made sure that the questionnaires did not affect the privacy of individuals and the bank at larger.

3.5.1.2 Questionnaire Design

3.5.1.2.1 Closed-ended questions

For questions where there was assumed knowledge and details were available the writer provided the respondents with a set of pre-specified answers where they choose from. Closed-ended questions are mostly applied when carrying out quantitative study (Salkind, 2010).

3.5.1.2.2 Likert scale

This is a method of scaling responses. In order to allow the analysis of statistically, qualitative data can be scaled into numeric values. The method was designed by Rensis Likert in 1932 and can be termed summarised rating method. Different attitudes are assigned scores and scores are then added to come up with average attitude towards the subject in question. In this research five choices (strongly agree, agree, neutral, disagree, strongly disagree) were used on the Likert scale. The table below shows an example of a Likert scale format.

I Strongly disagree	I Agree	I am not sure	I agree	I Strongly agree
1	2	3	4	5

Table 3.3 Likert scale

3.5.1.2.2.1 Justification of the Likert scale

The Likert scale was used in this research as one of the complimenting tool in the designing of the questionnaires. The Likert scale is fast and it is also easy to manage, however, despite them not allowing for further probing as the respondents only focused on how much they agree to the question, the Likert scale is best for gathering information that is straight forward and making it easy for the employees to answer.

3.5.2 Interviews

Interviews are when data is gathered by way of face to face or a conversational approach with the respondents (Sekaran and Bourgie, 2013). They seek to get the personal experience and in-depth understanding of the respondents (Sekaran and Bourgie, 2013). Structured interview is when an interviewer drafts the questions before engaging the respondents meaning that they are predetermined.

3.5.2.1 Justification of interview

Interviews were used in this research as they go an extra mile in probing for explanations from the respondents that a questionnaire cannot do. They have been used as follow up on questionnaires meaning further clarity was provided by the respondents on some issues that proved to be difficult to understand on paper. Although interviews are time consuming, they

also allow for further probing and control of the information to enable effective generalization of the outcomes.

3.6 Reliability and validity

3.6.1 Reliability

Reliable according to Saunders and Lewis (2012) is the extent to which different methods used in research yield uniformity. The measure of reliability is based on the replicability of the study and this means similar findings must be obtained from different writers who would have carried the same study on different occasions. The writer adjusted the research instruments accordingly so that reliability is achieved. Similar questions were used in both the questionnaires and the interview to enable reliability of the study.

3.6.2 Validity

Saunders and Lewis (2012) refer to validity as the extent to which the findings have addressed the research questions. This is the degree in which the research design and methodology have produced findings that indeed represent the research problem being studied. In ensuring the validity of the research the writer designed the questions in a way that they are centred on the problem and the attainment of the objectives under study.

3.7 Data representation and analysis

Findings were sorted according to the Likert scale 5 categories which are strongly agree, agree, neutral, disagree and strongly disagree and put into groups basing on the questionnaire responses for easy analysis and presentation. The writer presented the findings of the research in different forms which are tables, graphs and charts so as to provide a pictorial view of the findings. Some of the questionnaires were screen so as to consider those that have appropriate and relevant data. Data was then analyzed though statistical method.

3.8 Ethical consideration

In line with ethical considerations the writer asked for the right to carry out that study at CABS from the management. According to Creswell (2009) the respondents are people who have a great deal of confidential information and are not at liberty to give it to other people. The writer

complied in the confidentiality of the company's information however; the writer did not find much complication as he once worked at CABS which on attachment.

3.9 Chapter summary

The chapter covers the research design and the techniques used in the gathering of findings at CABS and how the findings address the research question. Ethical considerations were made in the gathering of data.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter covers the presentation of the findings and its analysis. Graphs, Charts, tables and summaries were used in the presentation of data. These findings were then analyzed in order to make meaningful conclusions on the extent to which costs were affected by the adoption of e-banking at CABS.

4.1 Response rate

Saunders and Lewis (2012) say that Response rate is the percentage of the successful

respondents over the number of eligible respondents in a sample. When the response rate is high it means that the findings reflect the population and are more reliable.

4.1.1 Questionnaire response rate

Questionnaires were used as research instruments to gather data in this research. 104 questionnaires were distributed to CABS employees representing a sample of 80% and of these, 104 questionnaires were successfully completed and returned. 25 questionnaires were not successful and thus giving a 76% questionnaire response rate. The table below provides a summary of the response rate.

Departments	Questionnaires distributed	Questionnaires returned	Response rate
TOTAL	104	79	76%

Table 4.1 Questionnaire response rate

Source: Primary data

Table 4.1 depicts that 104 questionnaires were administered to five departments which are the Finance department, ICT, General management, Retail and Service center. The response rate from the 104 questionnaires was 79 (76%). 25/104 (24%) of the sample population failed to respond to the questionnaires as they complained mainly of a busy schedules. Saunders and Lewis (2012) say that a sample response rate that is above 50% is good, if it 60% and above it can be considered better and if the rate is 70% and above it is considered as ideal and in this research 76% response rate was achieved. This shows that the findings from the questionnaires represented the sample and can be relied upon as they guarantee reliability and validity.

4.2 Demographic details

4.2.1 Gender

Department	Male	Female
Finance	18/26 (69%)	8/26 (31%)
ICT	5/8 (63%)	3/8 (38%)
General management	1/4 (25%)	3/4 (75%)
Retail	12/31 (39%)	19/31 (61%)
Service center	6/10 (60%)	4/10 (40%)

TOTAL	42/79 (53%)	37/79 (47%)
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Table 4.2 Gender analysis

Source: Primary data

Gender is very critical in the analysis of data. An evenly balanced gender reflects that the sample was not biased and represents views from different gender. Table 4.2 shows that there was an evenly balance representation of gender as evidenced by a total of 42/79 (53%) male and 37/79 (47%) female who responded and returned the questionnaires from all five different departments. The gender representations indicate that the data gathered was valid and reliable.

4.2.2 Academic qualification

Academic qualification	Respondents
PHD	2
Masters	19
Degree	51
Diploma	6
Others	1
Total	79

Table 4.3 Academic qualification analysis

Source: Primary data

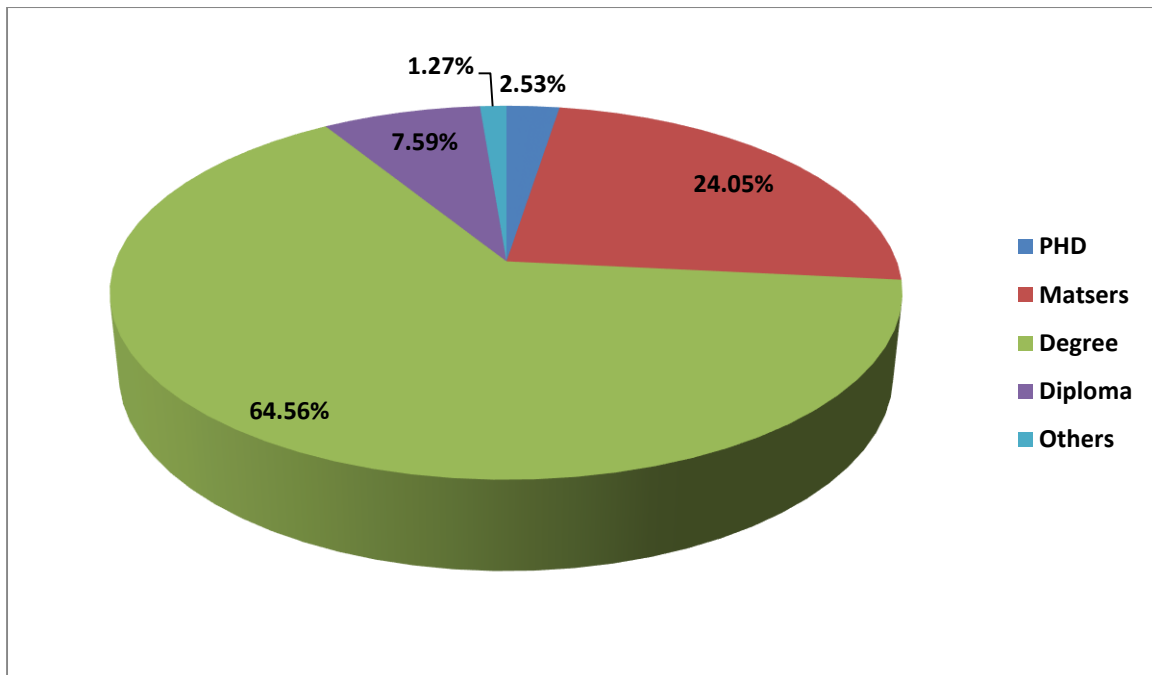


Fig 4.1 Academic qualification analysis

Source: Primary data

It was imperative to consider academic qualifications of the respondents as findings tend to be valid and more reliable when gathered from qualified respondents. Represented by the Table 4.2 and fig 4.1 are the academic qualifications of the respondents and only 2 (2.5%) had PHD’s, 19 (24%) had Master’s degree, 51 (24%) had first Degree, 6 (7.6%) had a Diploma and only 1 had other qualification not stipulated on the questionnaire. The reliability of the findings is unquestionable as they represent data gathered from qualified personnel thereby proving to be valid as well.

4.2.3 Duration at CABS Table

Duration	Number of respondents
10 years +	42
3-9 years	29
0-2 years	8
Total	79

Table 4.4 Analysis of duration at CABS

Source: Primary data

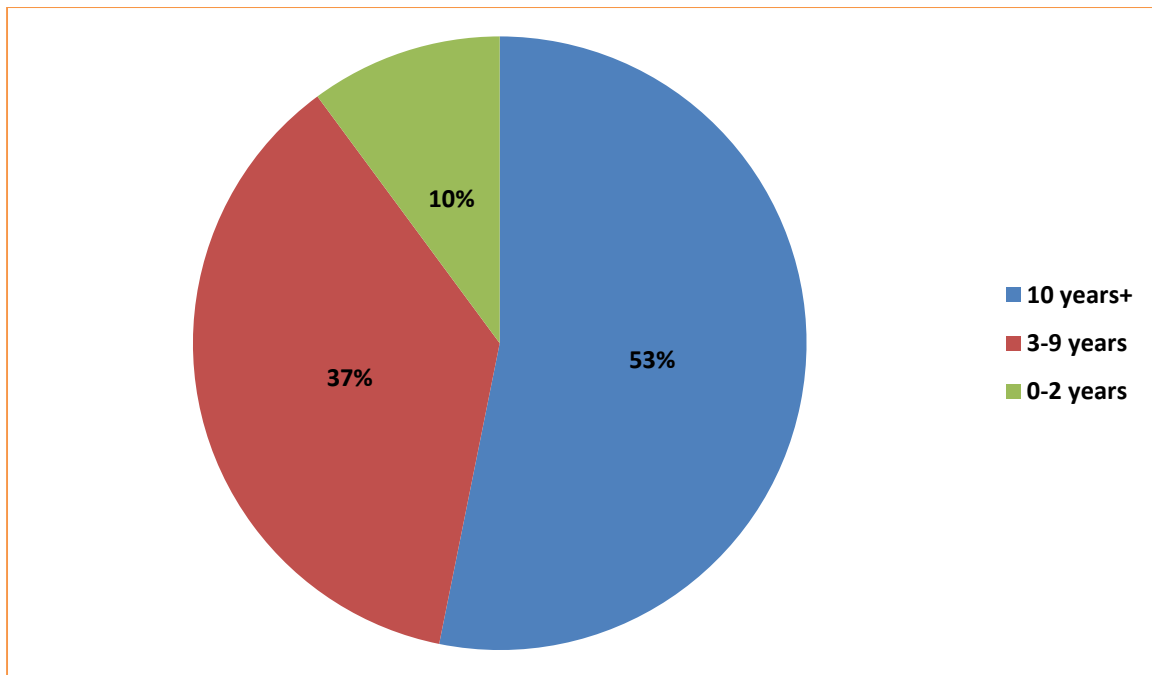


Fig 4.2 Duration of employees at CABS

Source: Primary data

Findings that have been gathered from respondents who have stayed at an organization for a long period of time tend to be valid and reliable. Table 4.3 and fig 4.2 shows the number of years the respondents have been at CABS which are 42 (53%) with at least 10years, 29 (37%) with 3-9 years and 8 (10%) with at most 2 years. With more than 53% of the sample having at least 10 years' experience with the bank then the reliability and validity of the findings was guaranteed through ability of respondents to address the period under study.

4.2.4 Religion

Religion	Christian	ATR	Others	None	Total
Number of respondents	75	3	1	0	79

Table 4.5 Religions at CABS

Source: Primary data

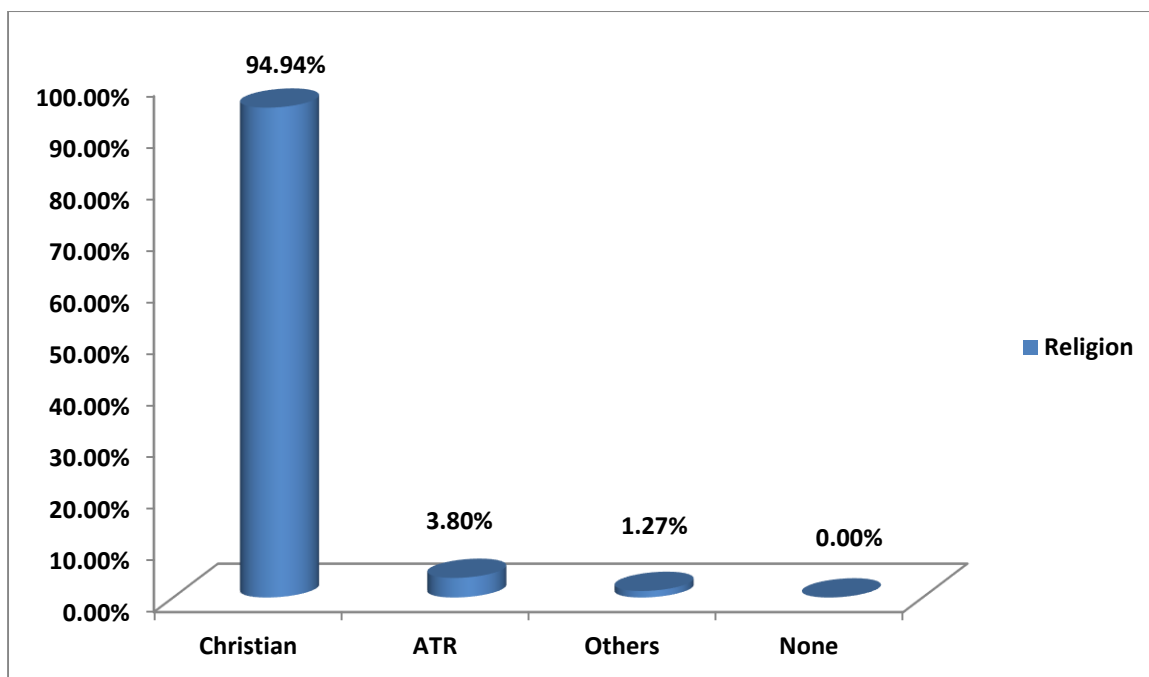


Fig4.3 Religions at CABS

Source: Primary data

Religion is vital in the analysis of findings as data gathered from religious people from religious people tends to be more reliable than non-religious. Table 4.3 and fig 4.3 illustrate that 75 (95%) of the respondents are Christians, 3 (4%) believe in the African Traditions (ATR) only 1 (1%) believed in other religion not indicated on the questionnaire. In general all the respondents were religious making the finding to be more reliable as they were gathered from religious people.

4.3 Data presentation and analysis

4.3.1 Questionnaires

- Reason for e-banking at CABS is costs reduction and technological advancement.**

The thrust of the statement was to establish the reason CABS adopted e-banking.

Reasons	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Cost reduction	47	30	2	0	0	79
Technological advancement	24	31	6	18	0	79

Table 4.6 Reason for e-banking at CABS

Source: Primary data

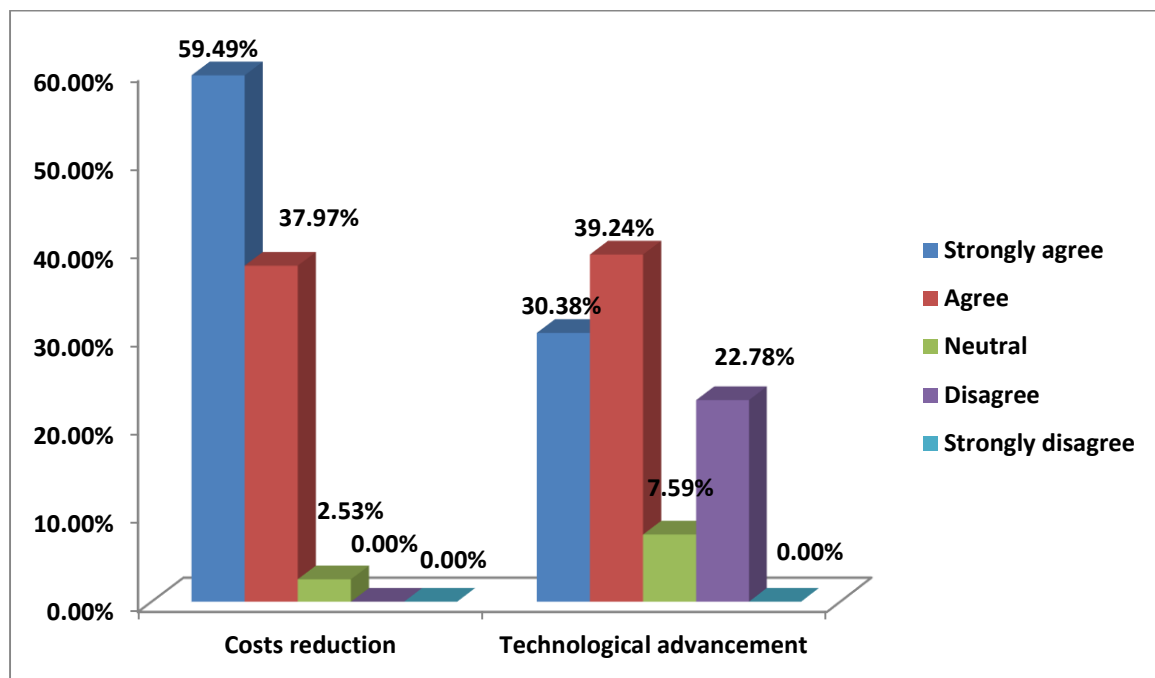


Fig 4.4 Reasons for e-banking

Source: Primary data

Table 4.6 and fig 4.4 above indicate that 47 (59%) of the respondents strongly agree that CABS adopted e-banking with the combat rising costs, 30 (38%) of the respondents agreed to the same notion while only 2 (3%) were neutral. 0 (0%) respondents neither disagree nor strongly disagree. Again table 4.4 shows that 24 (39%) respondents strongly agreed that CABS introduced e-banking for technological advancements, only 31 (11%) agreed, 6 (8%) were neutral, 18 (22%) disagreed and 0 (0%) strongly agreed. 97% (59%+38%) of the respondents were of the opinion that CABS adopted e-banking with the ultimate goal of curbing rising costs. 69% (39%+30%) of the respondents agreed that CABS adopted e-banking to keep abreast with the technological changes.

Based on the findings represented by the table above, the majority of the respondents agreed that costs reduction was the main reason behind the adoption of e-banking at CABS. According to Forrester research (2003) the fundamental objective for the use of automated processes in most European banks which include Standard charted and Barclays bank was to minimize costs, this was evidenced as unit transaction costs reduced by a margin of about 89% and have

resulted in profitability. However, both cost reduction and technological advancement explains the reason for adoption but chief among is costs reduction.

2. E-banking has achieved its objective

The aim of this statement was to ascertain whether CABS had achieved the main objective for e-banking that was stated on the previous question.

Response	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Number of respondents	5 (6%)	5 (6%)	16 (20%)	36 (46%)	14 (18%)	79(100%)

Table 4.7 Assessing whether e-banking achieved its objective

Source: Primary data

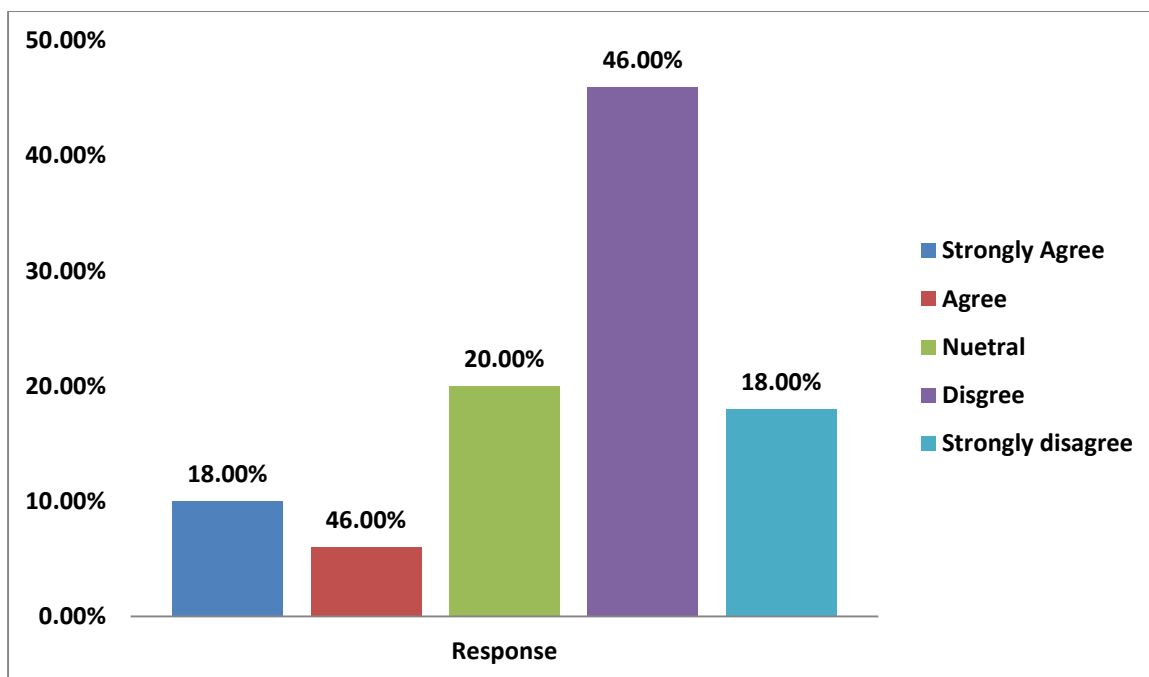


Fig 4.5 Assessment of e-banking's objective achievement

Source: Primary data

Fig 4.5 and table 4.7 above shows that 18% (14/79) of the respondents strongly disagreed that e-banking has achieved its objective of curbing the increasing costs. 46% (36/79) disagreed to the same notion, 20% (16/79) were neutral, 6% (5/79) agreed and only 10% (8/79) strongly agreed. The majority of the respondent (64%) disagreed to the fact that since the introduction of e-banking the objective of costs reduction was achieved but however, they strongly support the notion that e-banking can reduce the costs. Collard (2012) castigated that e-banking has a potential of reducing costs but only if it has been rightfully implemented and when fully functional meaning if not properly implemented objectives cannot be met.

3. Advantages of e-banking are:

The thrust of the statement was to determine the advantages that resulted from the adoption of e-banking at CABS.

Response	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Cost reduction	10	14	6	37	12	79
Round the clock operation	52	13	4	10	0	79
Expanding the market reach	41	27	11	0	0	79
Increased speed and accuracy	38	25	10	6	0	79

Table 4.8 advantages of e-banking

Source: Primary data

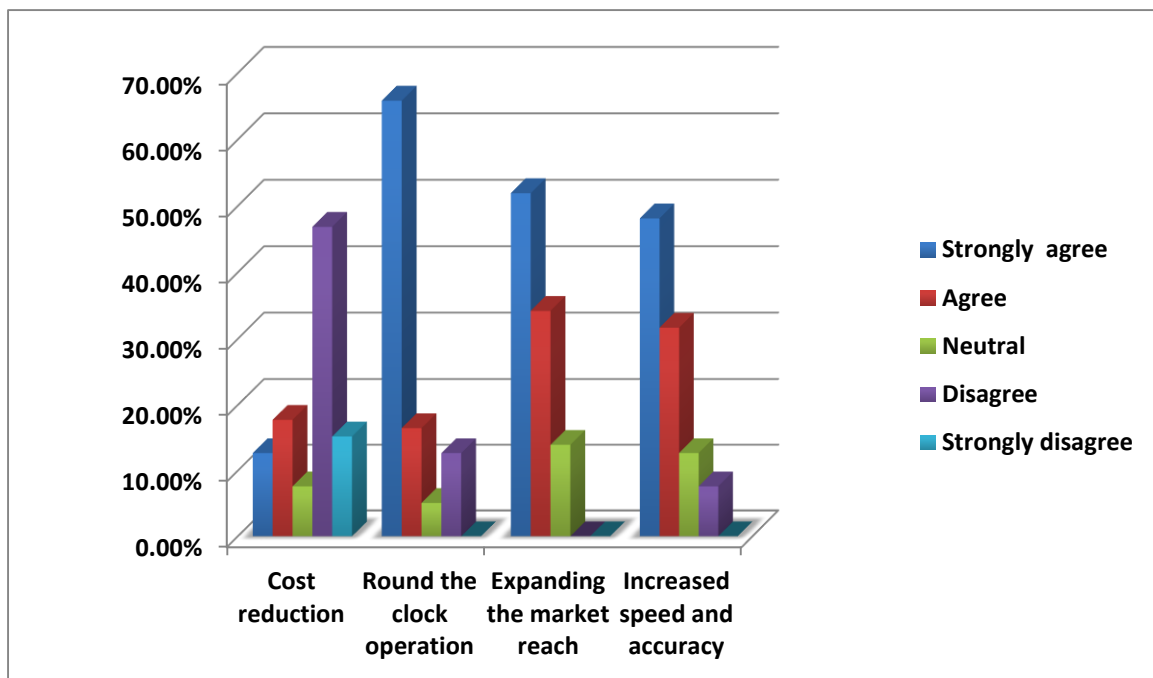


Fig 4.6 Advantages of e-banking

Source: Primary data

Cost reduction

Fig 4.6 above displays that 12.7% (10/79) of the respondents strongly agree that e-banking results in the reduction of costs, 17.7% (14/79) agreed, 7.6% (6/79) were not sure, 47% (37/79) disagreed and 15% (12/79) strongly disagreed. A total of 30.4% (12.7%+17.7%) were in

believed that since the introduction of e-banking some costs started to go down however, 62% (47%+15%) of the respondents disagreed to the same notion as other costs continued to rise. Conclusion therefore can be expressed that there are challenges being faced that are hindering e-banking to achieve its objective of costs reduction. Dynamo (2001) supports the notion after a study Nordea bank (Finland) and he said total unit payment cost after introducing e-banking reduced to 7.7% as compared to 100% when using branches. However, according to Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb (2012) it is not always that all costs reduce due to e-banking but when e-banking is not properly functional and not fully implemented some costs might increase while others remain unchanged as observed on Askari bank. Only costs like stationary and mailing reduced significantly while some operational costs increased and this justifies those who did not agree that e-banking reduce costs.

Round the clock operation

As presented by fig 4.6 regarding round the clock operation as an advantage resulted from adoption of e-banking, 65.8% (52/79) of the respondents strongly agreed that CABS was enjoying the benefit, 16.5% (13/79) agreed, 5.1% (4/79) were neutral, and 12.7% (10/79) disagreed and 0% (0/79) strongly disagreed. Of all the respondents 82.3% (65.8%+16.5%) confirmed that due to different e-banking applications and platforms CABS now provides round the clock services to its clients. Only 12.7% disagree confirming that some operations are being done manually and can only be done during the normal working hours. According to Emor (2002) Hansa bank (Estonia) did not provide 24/7 services due to high costs of 24/7 operations but after the adoption of e-banking provision of 24/7 services became viable to clients at a very low cost making clients willing to transact more than usual. Emor (2002) added the bank could not afford to run the branch for 24/7 due to increasing overtime costs but e-banking technologies made it possible to provide 24/7 services through ATM, online and offline channels at very low costs.

Expanding the market reach

51.9% (41/79) strongly agreed that e-banking enable the reach of markets beyond geographical boundaries, 34.2% (27/79) agreed, 13.6% (11/79) were neutral, 0% (0/79) neither disagree nor strongly disagree as shown by fig 4.6. 86.1% (51.9%+34.2%) of all the respondents concurred that the use of electronic based banking knows no geographic boundaries as customers from as far as diaspora and remote areas can access their accounts and bank online without the physical

existence of the bank. Through the use of internet and website new customers are being attracted. Toomla (2003) agreed that e-banking enable the expansion of the market in his study on Union bank (India). Toomla (2003) observed that the bank ventured into new markets in other countries like Latvia, Belgium and UAE and in order to attract more customers through online banking. In the study done by Toomla (2003) Union bank increased its client base by more than a double margin.

Increased speed and accuracy

According to fig 4.6 above, 48.1% (38/79) of the successful respondents strongly agreed, 31.6% (25/79) agreed, 12.7% (10/79) were neutral, 7.6% (6/79) disagree and 0% (0/79) strongly disagrees to the notion that the atomization of e-banking functions resulted in increased speed and accuracy in the delivery of banking services. 79.7% (48.4%+31.6%) were in support of the opinion that speed through atomization of banking operation is enhanced at the same time errors are minimized significantly. It is only 7.6% who thought that some processes are still taking too long to process data but generally most respondents confirm that atomization removes phases that are unnecessary and time consuming and substitute them with instant processing of output. Booz et al (1996) supported the idea in their study impact of e-banking on American banks not only conclude that e-banking reduced costs but they noted that there was an increase in speed and accuracy in the delivery of services as seen on Wells Fargo bank.

4. Disadvantages of e-banking are

The intention of this statement is to ascertain the disadvantages that have resulted from e-banking at CABS and the following disadvantages are expounded in table 4.9.

Response	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
high research and development	46	29	4	0	0	79
high redundancy costs	49	23	5	2	0	79
high initial outlay	44	32	3	0	0	79

Table 4.9 Disadvantages of e-banking

Source: Primary data

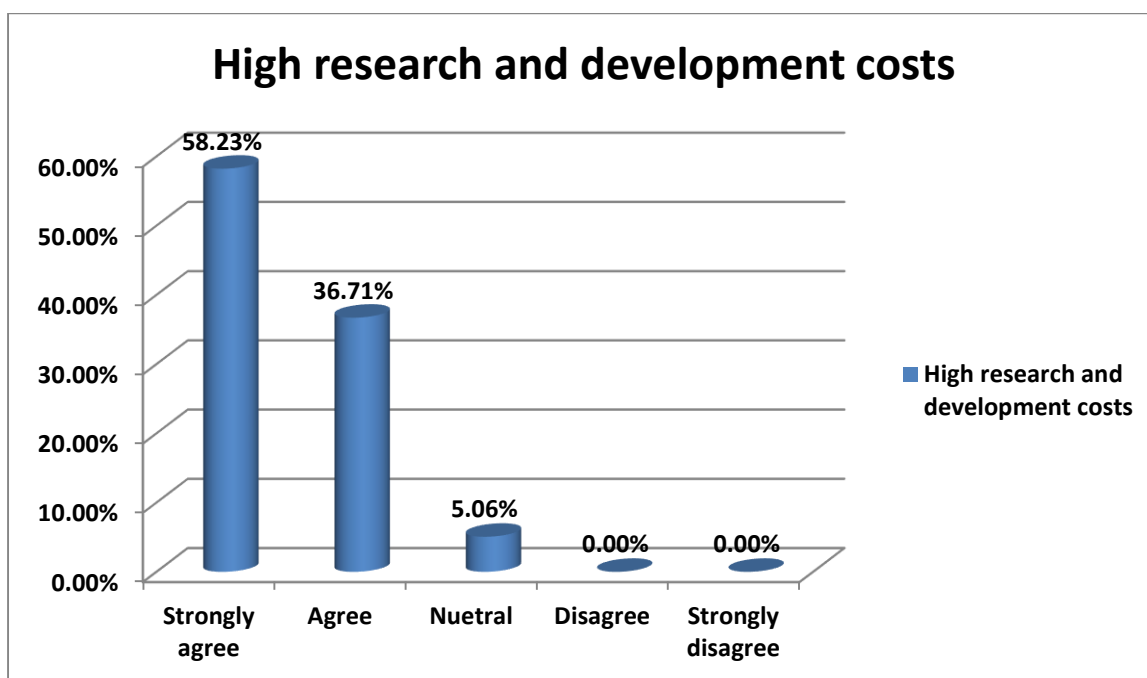


Fig 4.7 High research and development

Source: Primary data

Information shown by the graph above (fig 4.7) depicts that, of all the respondents 58.23% (46/79) strongly agreed that e-banking resulted in high research and development costs, 36.71% (29/79) agree, 5.06% (4/79) were neutral and 0% (0/79) neither disagree nor strongly disagree to the notion. In general the findings indicate that 94.94% (75/79) of the respondents confirmed that e-banking result in increasing research and development costs. In conjunction

with the findings, the empirical evidence gathered by Ayo (2006) on Fidelity bank (Nigeria) indicates that after introducing e-banking Fidelity bank incurred high research and development costs. Ayo (2006) castigated that when exploring new markets with new technologies enough research must be done to ensure that the rightful product has been offered to the rightful clients and developments be done on areas of concern, however, these come at a costs.

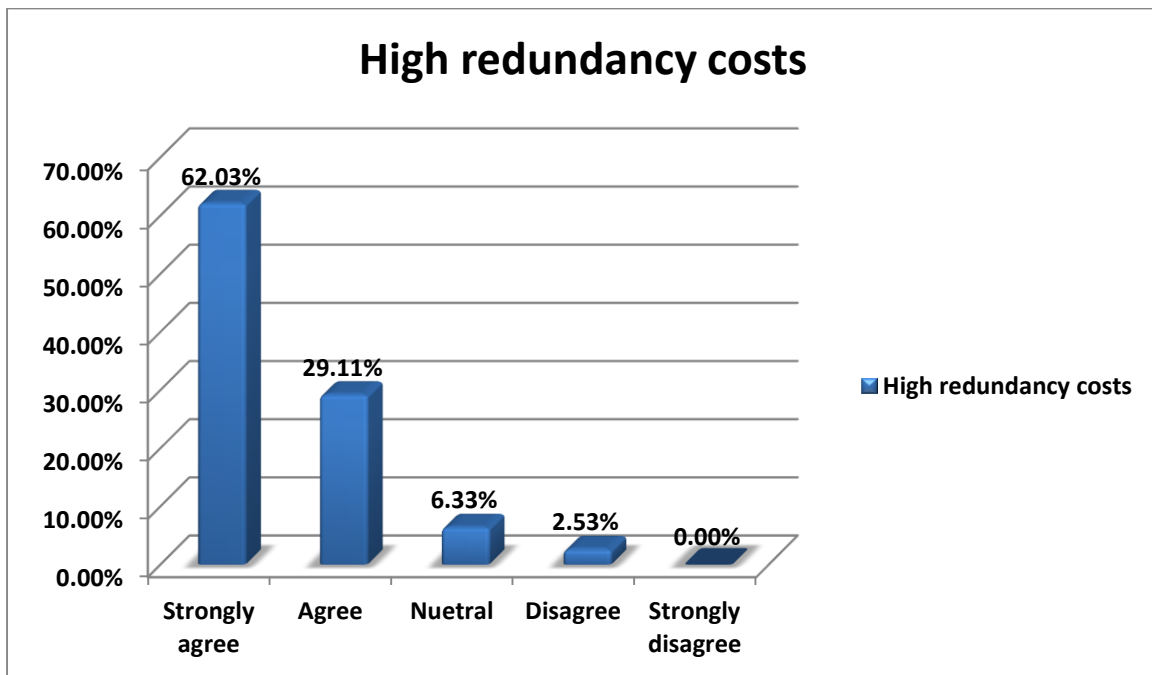


Fig 4.8 High redundancy costs

Source: Primary data

Fig 4.8 above shows that 62.03% (49/79) strongly agree, 29.11% (23/79) agree, 8.86% (5/79) neutral, 2.53% (2/79) disagree, and 0% (0/79) strongly disagree that the automation of other banking functions replaced the human hand with machines thereby incurring more costs in compensating the laid off employees. 91.14% of the respondents at least agreed that high redundancy costs can result from e-banking and CABS is not an exception. This is stressed by the Ghana Banking Survey (2011) as most banks in Ghana pay more compensation costs due to the replacing of human hand with the use of ATMs, online and offline facilities and in short run more costs have been incurred.

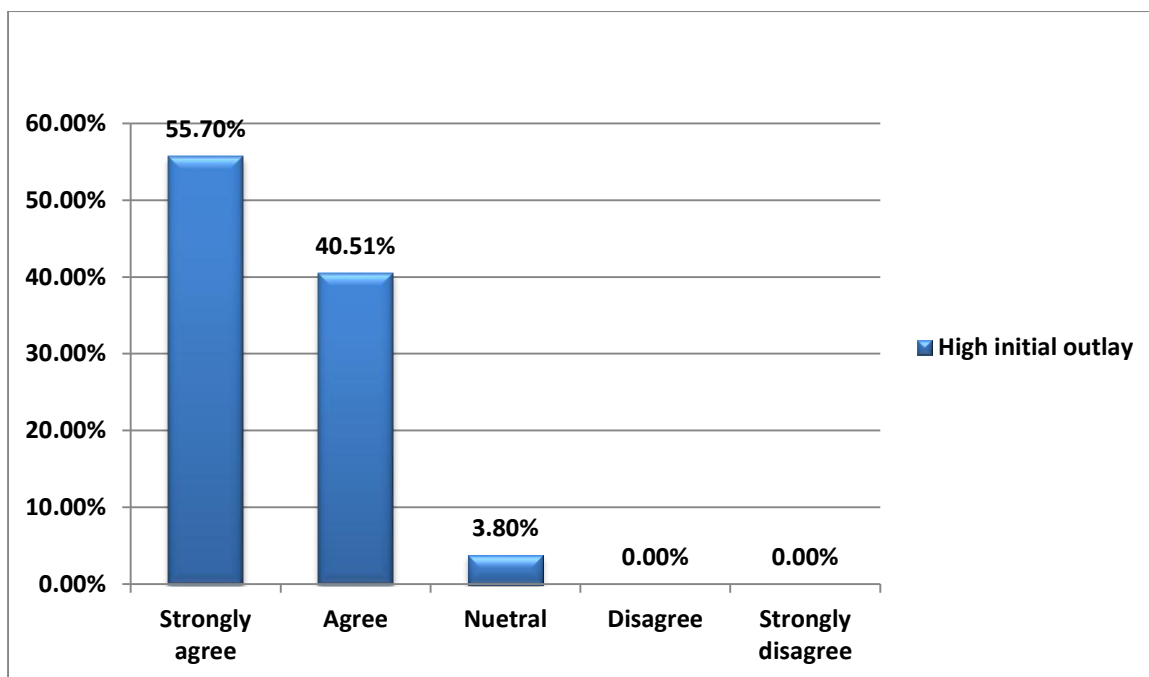


Fig4.9 High initial outlay

Source: primary data

The chart above summarizes the percentage of the respondent's opinions on whether high initial outlay is a disadvantage that results from the adoption of e-banking. Fig 4.9 indicate that 55.70% strongly agree, 40.51% agree, 3.80% were neutral and 0% neither disagree nor strongly disagree that e-banking projects require high initial capital to finance these projects. 96.21% of the respondents at least agreed that huge funds were expended in the funding and implementation of e-banking projects at CABS and more funds are still to be required in order to successfully implement the e-banking model. This conforms to Ayo (2006) who purports that Fidelity bank in Ghana is in the development stage and is taking too long to fully embrace the e-banking model due to high costs in acquiring suitable software, instillation costs, hardware and subscriptions to network providers in order to fully set up the online e-banking projects.

5. Challenges in the implementation of e-banking

The objective of the statement was to ascertain the challenges that CABS was facing in implementing e-banking and the following findings were identified.

Response	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Retaining of skilled workforce	34	30	9	4	2	79
security threats	21	42	8	3	5	79
Customer incognizance	48	14	8	9	0	79
Sound ICT infrastructure	29	36	7	4	3	79

Table 4.10 Challenges of implementing e-banking

Source: Primary data

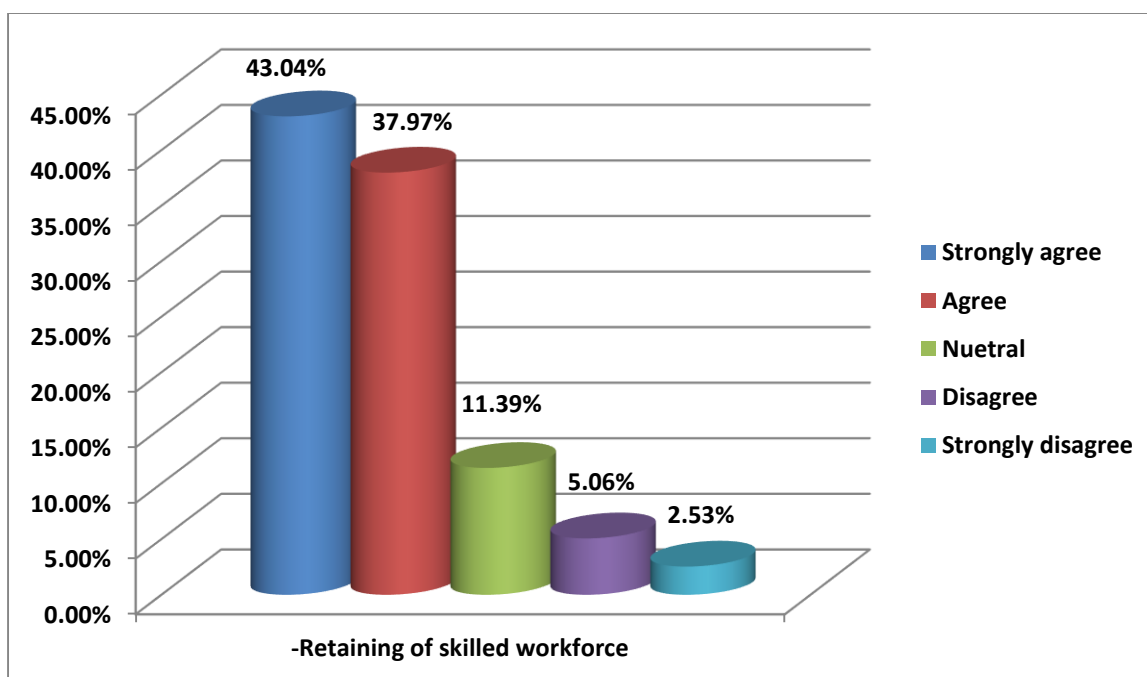


Fig 4.10 Retaining of skilled workforce

Source: Primary data

Retaining of skilled workforce

Fig 4.10 shows that out of the total respondents 43.04% (34/79) and 37% (30/79) strongly agreed and agreed respectively to the notion that one of the challenges that CABS was facing in the implementation of e-banking projects is that of retaining skilled workforce. As shown

by the graph above 11.97% (9/79) of the respondents were neutral, 5.06% (4/79) disagreed and 2.53% (2/79) strongly disagreed to the same notion. After having trained staff and equip them with the latest information there is a greater likelihood that they will leave the organization in search of better employment opportunities and 81.01% (43.04%+37.97%) of the respondents agreed to that this has been a challenge face by CABS to successfully implement e-banking. Asemanyiwa (2012) agrees to the same point the after assessing the challenges that GTBank in 2004-6 was failing to successfully implement e-banking and castigated that costs of retraining staff was continuously rising as the bank failed to retain its skilled personnel thereby hindering successful implementation of e-banking.

Security threat

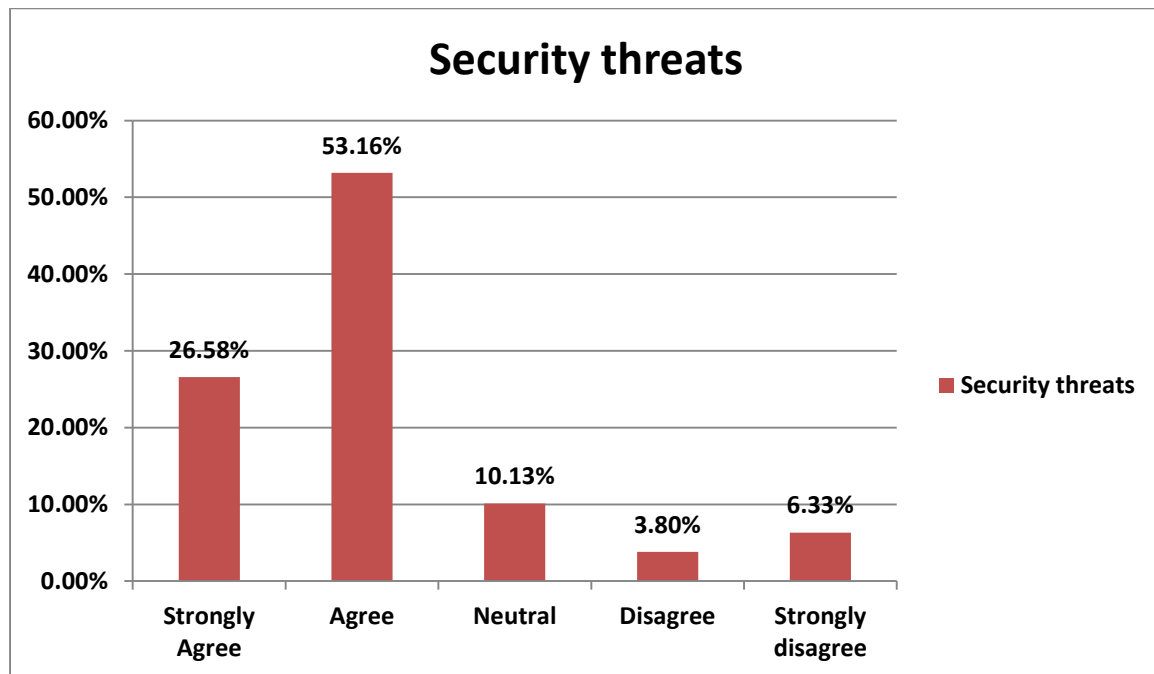


Fig 4.11 Security threats

Source: Primary data

From fig 4.11, 26.58% (21/79) strongly agree, 53.16% (42/79) agree and 10.13% (8/79) were neutral that security threats were a challenge in the implementation of e-banking. 3.80% (3/79) disagree and 6.33% (5/79) strongly disagree that security threats have been a setback of e-banking implementation. 79.74% (26.58%+53.16%) of those who responded to the questionnaires at agreed that online security threats like fear of clients to lose their data through the use of internet and hackers has retrogressive progress in the successful implementation of the e-banking projects. Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb (2012) confirm that

security threats has been one of the challenges that affected Askari bank (Pakistan) in successful adoption of e-banking. Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb (2012) said that the use of a computer in sending documents and processing data but is associated with abuse of information by hackers.

Customer incognizance

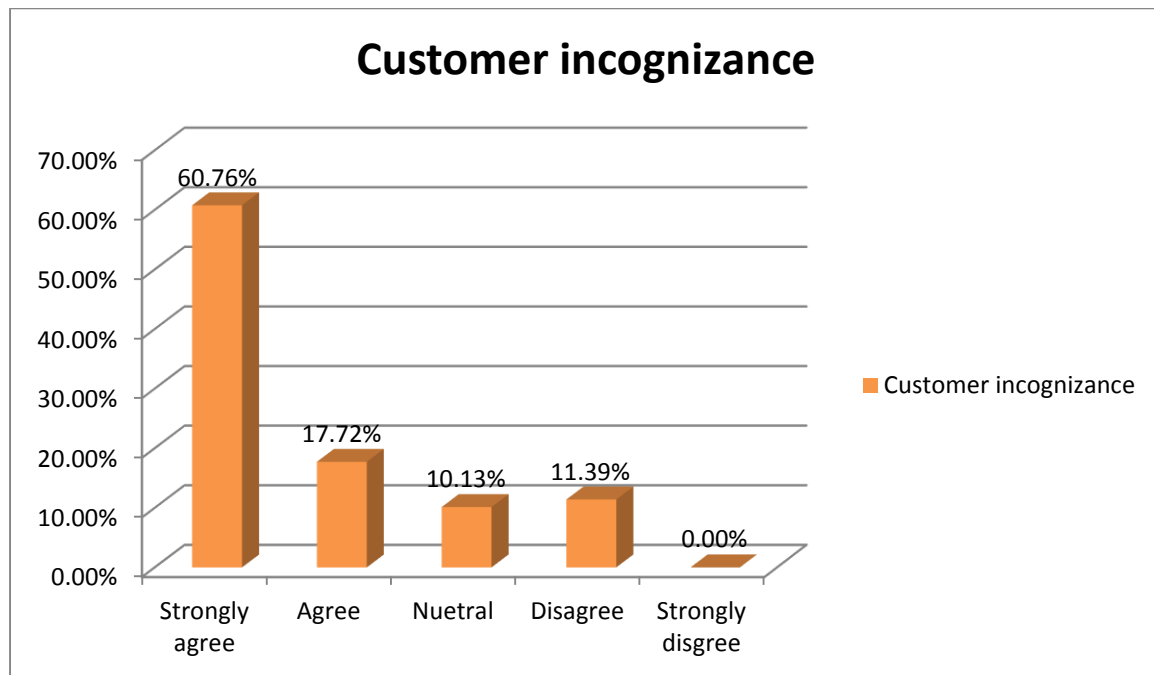


Fig 4.12 Customer incognizance

Source: Primary data

The information shown by fig 4.12 indicates that 60.76% (48/79) and 17.72% (14/79) strongly agree and agree respectively that customer incognizance was one of the setbacks for the success of the implementation process of e-banking. 10.13% (8/79) of the respondents were neutral, 11.39% (9/79) disagree and 0% (0/79) strongly disagreed on the issue of security threats as hindrance to e-banking. 78.48% (60.76%+17.72%) agreed that lack of customer education is a threat in implementation of e-banking. This is evidenced on Askari bank as explained by Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb (2012) who established that after Askari had introduced e-banking only 10% of the clients used e-banking platforms because of lack of clients education thereby making it impossible to transform the bank into a fully-fledged e-bank.

Sound ICT infrastructure

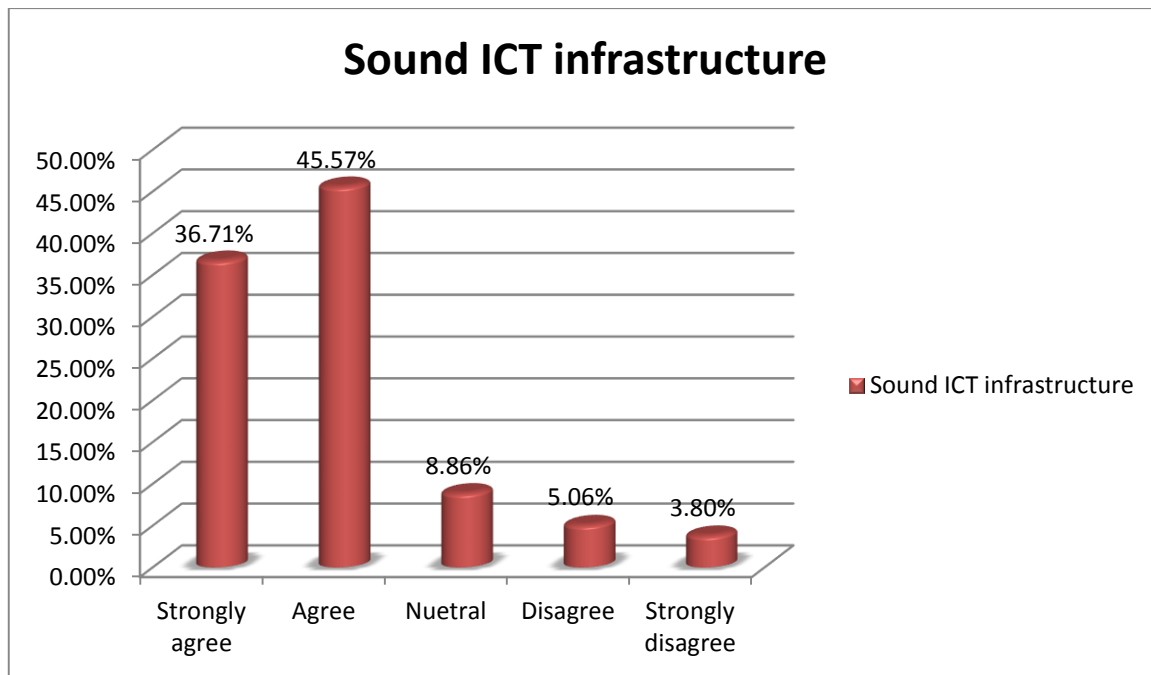


Fig 4.13 Sound ICT infrastructure

Source: Primary data

As shown by fig 4.13, 36.71% (29/79) strongly agree, 45.57% (36/79) agree, 8.86% (7/79) were neutral, 5.06% (4/79) disagree and 3.80% (3/79) strongly disagree that lack of sound ICT infrastructure have detrimental effects to the successful adaptation of e-banking at CABS. 82.28% (36.71%+45.57%) respondents agreed that failure to put in place sound ICT infrastructure makes e-banking difficult to implement. At Askari bank (Pakistan) empirical evidence gathered by Shakil Ahmad, Rashid and Ehtisham-Ul-Mujeeb (2012) shows that failure to implement e-banking was also due to lack of management to invest in ICT infrastructure as not much was done in upgrading to new ICT equipment that allows different e-banking initiatives with the capacity to satisfy all clients to be used.

6. Measures employed to mitigate the challenges

The statement was to ascertain the measures that can be taken in order to overcome the challenges linked to the adoption of e-banking. Table 4.11 below show the measures.

Response	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Staff retaining strategies	40	38	1	0	0	79
Development of security systems	39	33	0	3	4	79
Awareness strategies	51	23	5	0	0	79
Sound ICT infrastructure development programmes	26	39	12	2	0	79

Table 4.11 Measures to curb e-banking challenges

Source: Primary data

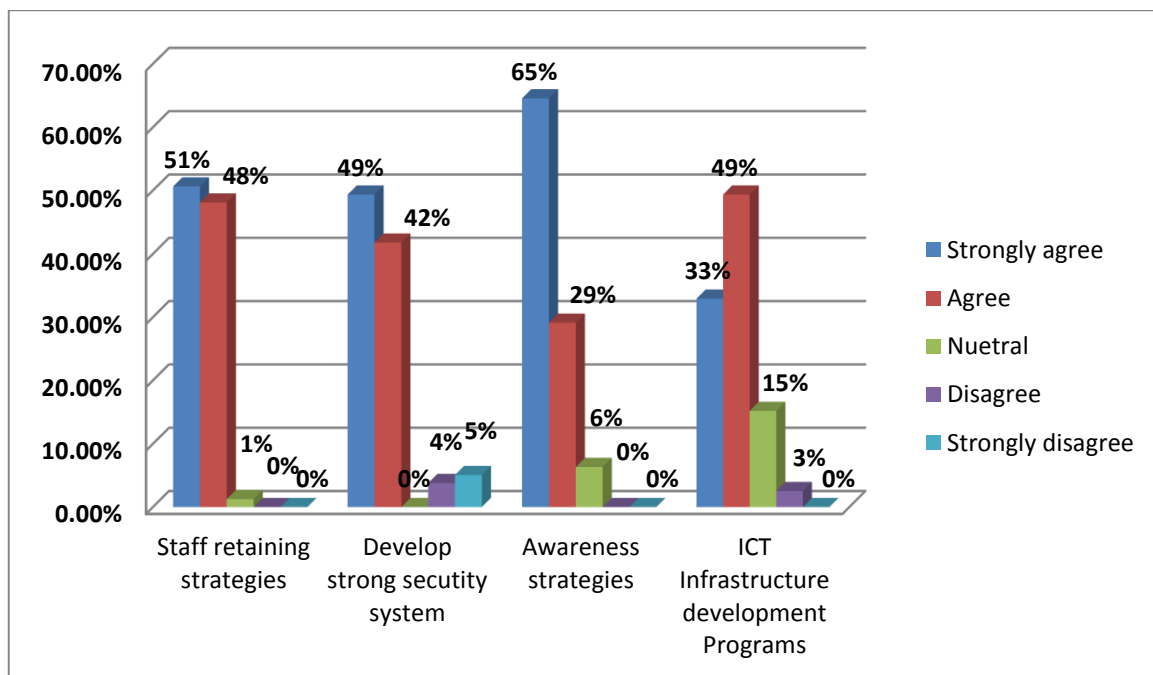


Fig 4.14 Measures to curb e-banking challenges

Source: Primary data

Staff retaining strategies

It is paramount that to keep skilled staff for e-banking to be a success and fig 4.14 illustrates that 51% (40/79) strongly agreed that strategies should be put in place to retain skilled personnel at CABS so as to curb the challenge faced of loss of skilled personnel. As displayed by the graph 48% (38/79) of the respondents agreed, 1% (1/79) neutral and 0% (0/79) neither disagreed nor strongly disagreed that it is imperative to establish strategies to retain skilled personnel for e-banking to be a success. 99% (51%+48%) agreed that CABS need to employ strategies like giving incentives to keep skilled personnel motivated and have a sense of belonging so as to keep them at work. Twum and Ahenkora (2012) support the idea after a research on GTBank as they indicated that after the bank had faced challenges in the implementation of e-banking, management embarked on several strategies to retain its skilled personnel. In doing so the bank was able to keep up with the challenges and was able to continue implementing e-banking projects.

Development of strong security systems

As shown by fig 4.14 above 49% (39/79) strongly agreed, 42% (33/79) agreed, 0% (0/79) neutral, 4% (3/79) disagreed, 5% (4/79) strongly disagreed that CABS need to develop very strong and complex security systems including designing policies that reinforce the security to mitigate the cyber-crimes that hinders e-banking's success. 91% (49%+42%) of the respondents supported the idea that it is critical to design security systems to combat the cyber threats that hinders the implementation of e-banking. In Ghana as discussed by Twum and Ahenkora (2012) management in banks such as CAL resolved to set up strong security controls in order to boost the confidence of clients and that resulted in more clients being involved in online transacting thereby ensuring reliability on e-banking. According to Twum and Ahenkora (2012) the rate of cyber-crimes plummeted after the development of security systems and a positive change was noticed as more clients began to use e-banking channels showing their confidence in the security systems

Awareness strategies

Failure to have more clients use online banking channels has been caused by lack of client education in most businesses and CABS is by no exception and fig 4.14 displayed that 65% (51/79) of those who responded to the questionnaire strongly agreed while 29% (23/79) agreed that awareness strategies are critical for e-banking to be a success at CABS. 6% (5/79) were

neutral while 0% neither disagreed nor strongly disagreed to the same notion. From the findings 94% (65%+29%) of the respondents concurred to the notion that awareness strategies which includes advertising are critical for e-banking to be fully functional. Shakil Ahmad, Rashid and Ehtisham-Ul-Mujeeb (2012) support the idea as they said that after embarking on several strategies including advertising Askari bank managed to increase the number of users of online and offline banking channels.

ICT Infrastructure development programs

According to Fig 4.14, 33% (29/79) strongly agreed that ICT infrastructure development programs are vital to curb the challenges of having poor ICT infrastructure for the success of e-banking. 49% (39/79) agreed, 15% (12/79) were neutral, 3% (2/79) disagreed and 0% (0/79) strongly disagreed that for e-banking to be implemented profound ICT infrastructure must be established. 82% (33%+49%) supported the idea of ICT infrastructure development as instrumental for any e-banking initiative and this include the development of the much needed software and hardware as the bedrock for e-banking. Pitts and Lei (2006) emphasised the idea that it is imperative to develop compatible ICT infrastructure that enables online banking to be used. Shakil Ahmad, Rashid and Ehtisham-Ul-Mujeeb (2012) and Twum and Ahenkora (2012) agreed that banks in Ghana and Pakistan that have successfully adopted to e-banking have managed to succeed because of embarking in ICT capita development projects that include software purchases and the construction of hardware as remedy to the challenges faced.

7. Essential factors underpinning the success of e-banking

The statement's focus was examined the factors that are considered fundamental in the successful implementation of e-banking at CABS.

Response	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
ICT infrastructure development	28	49	2	0	0	79
Strategic implementation	27	34	10	8	0	79
Customer education	55	24	0	0	0	79

Table 4.12 Factors underpinning the success of e-banking

Source: Primary data

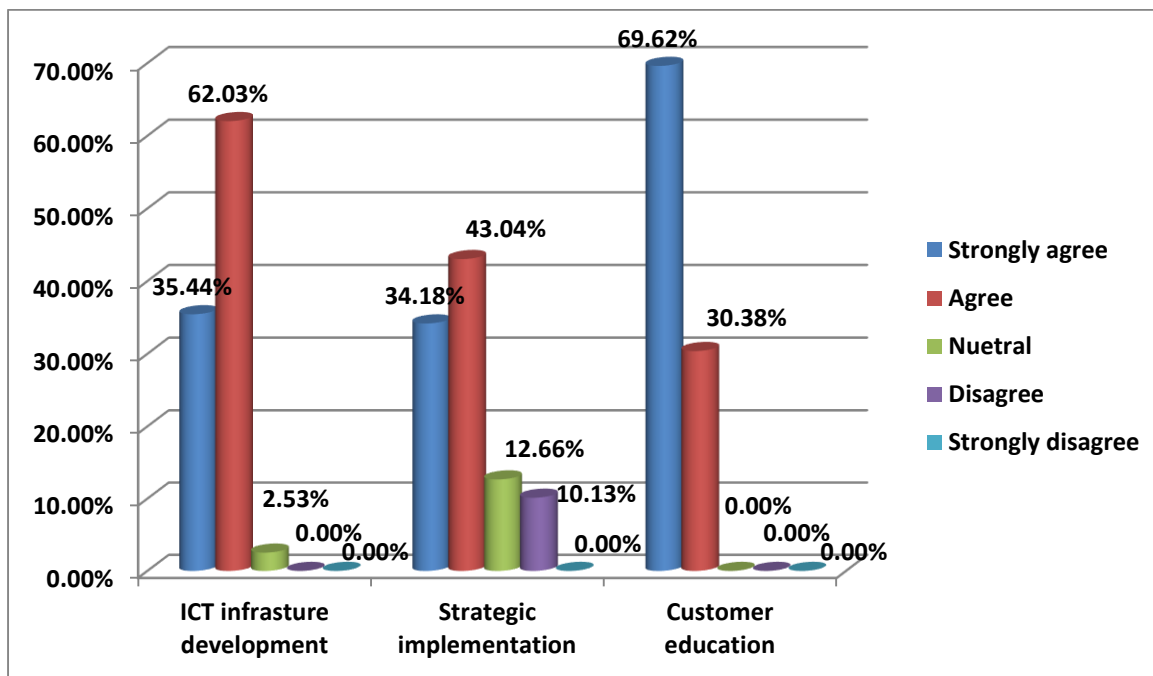


Fig 4.15 Factors underpinning the success of e-banking

Source: Primary data

ICT infrastructure development

According to fig 4.15, 35.44% strongly agreed that ICT infrastructure developments are pivotal for e-banking, 62.03% agreed, 2.53% were neutral and 0% (0/79) neither disagreed nor strongly disagreed. In general, 97.47% (62.03%+35.44%) of the respondents concur to the notion that ICT infrastructure developments are essential for any e-banking projects to be a success. Pitts and Lei (2006) supported the point as they said ICT infrastructure act as the integration of all

information technologies with the view of developing, testing and supporting of ICT services thereby are vital in e-business.

Strategic implementation

Fig 4.15 shows that 34.18% strongly agreed, 43.05% agreed, 12.66 were neutral, 10.13% disagreed and 0.00% (0/79) strongly disagree that it is imperative to consider strategic implementation of all e-banking projects as one of the key factor for the success of e-banking. 77.23% (34.18%+43.05%) of the total respondents agreed that strategic implementation of e-banking is required for e-banking to realize its fundamental objective of costs reduction. Jonas (2009) indicated that management should focus on better ways to implement e-banking initiatives in order to make it a success. Dynamo (2001) stressed out the point that Nordea Bank in Finland has fully realised its objective of costs reduction due to management’s strategic implementation of e-banking projects.

Customer education

In fig 4.15, 69.62% strongly agreed that it is fundamental to conduct client’s education in order to make e-banking a success, 30.38% agreed, while 0% (0/79) neither disagreed, were neutral nor strongly disagreed . 100% (69.62%+30.38%) supported that customer education on e-banking is very important for any e-banking initiative. Emor (2002) argued that Hansa Bank (Estonia) managed to conduct client’s education on e-banking initiatives and a positive change was witnessed as payments changed from about 24,700 (branch) to more than 1,043,000 (online) payments per month. He noted that education was very pivotal in the success of e-banking to Hansa.

8. CABS is relying more on branches than online channels

The statement’s main thrust was to determine whether CABS was depending much on branches than online channels of banking.

Response	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Number of respondents	19	29	8	14	9	79

Table 4.13 Analysis of whether CABS was relying on branches

Source: Primary data

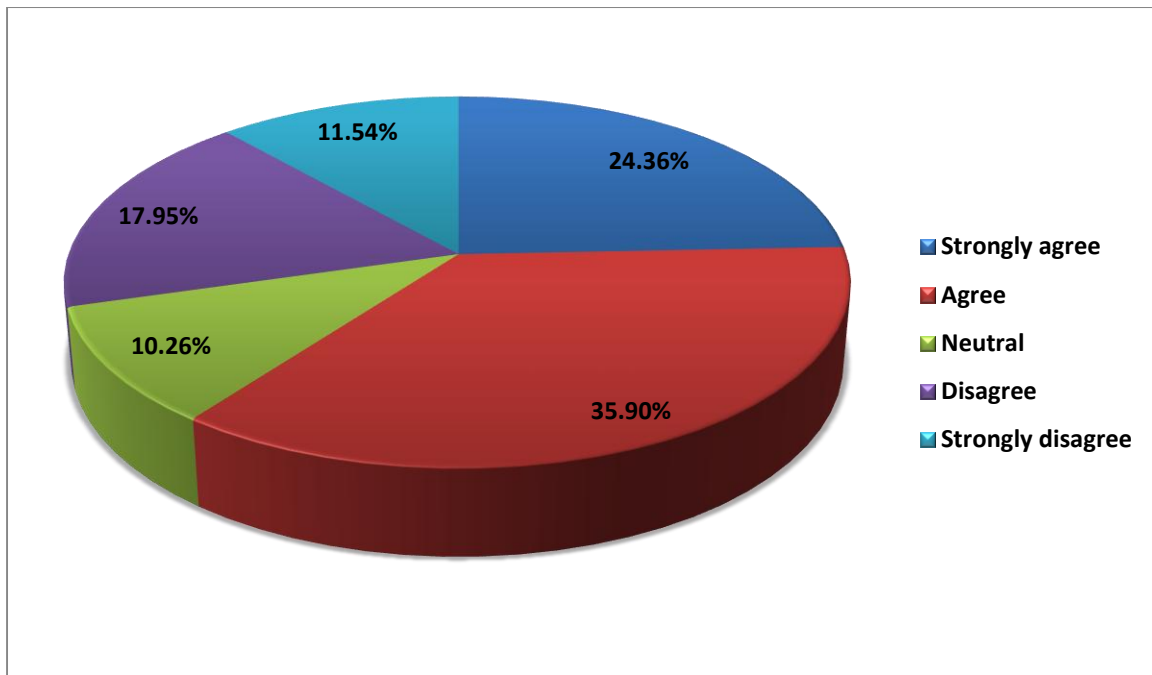


Fig 4.16 Whether CABS was relying much on branches.

Source: Primary data

Fig 4.16 shows that 24.36% (19/79) and 35.90% (29/79) strongly agreed and agreed respectively that CABS was depending more on branches as compared to the e-banking channels, 10.36% (8/79) were neutral while 17.95% (14/79) and 11.54% (9/79) disagreed and strongly disagreed respectively to the same notion. It can be concluded that 60.27% (24.36%+35.91%) concurred that CABS hasn't become a fully-fledged e-banking institution as most of its clients are still using manual ways of banking more than the internet way. According to Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb (2012) after the introduction of e-banking by Askari bank (Pakistan) less than 10% of its clients became connected to online banking and that for some time the bank relied much on traditional banking channels due to lack of advertising, security risk and client's education.

9. CABS has done sufficient customer education

The statement was to establish whether much has been done in bringing clients to the use of e-banking channels through education and awareness programs. The findings obtained from the questionnaires were presented on the table below.

Response	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Number of respondents	7	6	12	31	23	79

Table 4.14 Whether CABS has done sufficient customer education

Source: Primary data

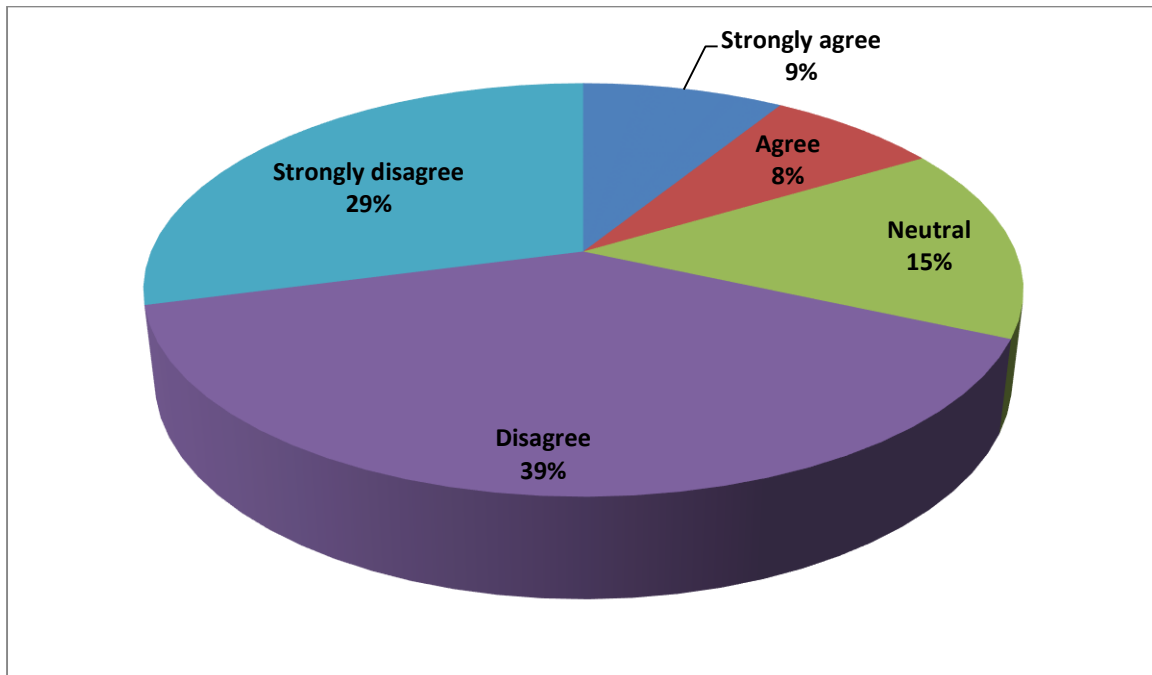


Fig 4.17 Whether CABS is has done sufficient customer education.

Source: Primary data

Fig 4.17 above indicates that 9% (7/79) strongly agreed, 8% (6/79) agreed, 15% (12/79) neutral, 39% (31/79) disagreed and 29% (23/79) strongly disagreed that CABS has done adequately to educate its customers on different e-banking channels, how to access the platforms, how to use them and how the channels operate. According to the chat above 68% (29%+39%) responded disagreed to the point that sufficient awareness programs have been done and only 17% disagreed to the same notion with 15% being neutral. Emor (2002) supported the idea of customer education after a study on Hansa Bank (Estonia) and argued **that it is paramount that enough awareness must done to connect clients to e-banking channels** as Hansa realised less than 10% of the users being connected online due to lack of awareness. This results in the bank having to depend more on manual banking than automated banking.

10. CABS should continue with e-banking

The statement was to establish whether CABS should continue with e-banking as a tool for costs reduction or that it be abandoned. The table below presents the findings.

Response	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Number of respondents	24	14	9	22	10	79

Table 4.15 Whether CABS should continue with e-banking

Source: Primary data

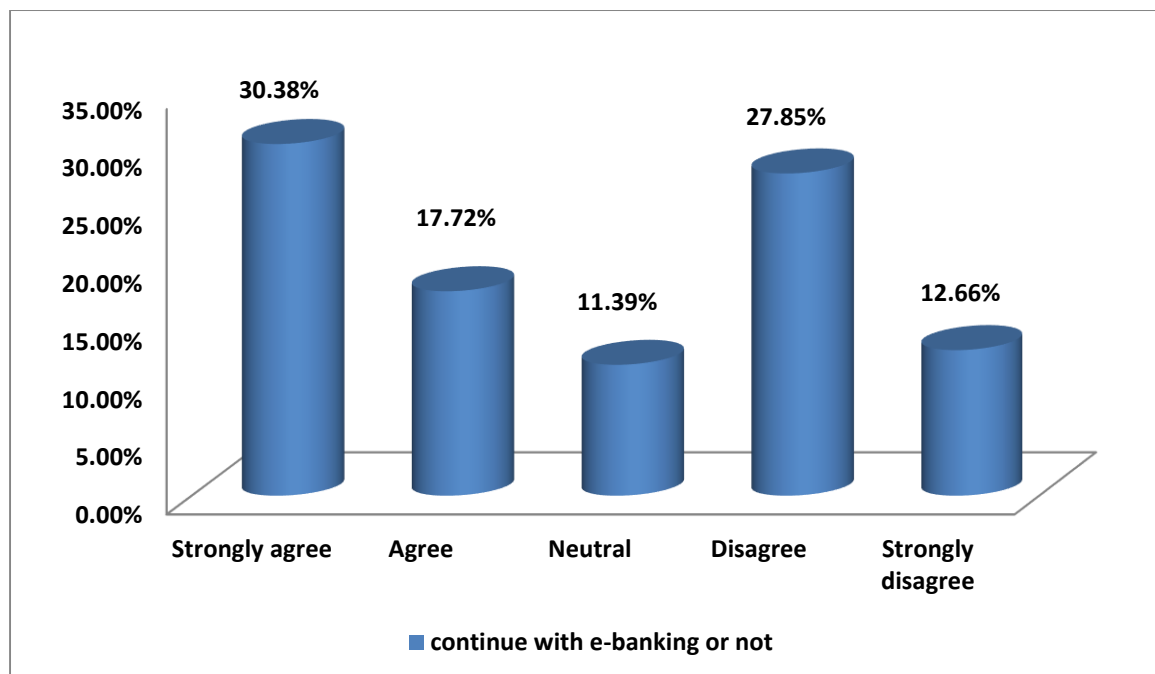


Fig 4.18 Whether CABS should continue with e-banking

Source: Primary data

According to fig 4.18, 30.38% (24/79) strongly agreed, 17.72% (14/79) agreed, 11.39% (9/79) were neutral, 27.85% (22/79) disagreed and 12.66 (10/79) strongly disagree that CABS should continue with e-banking. 48.10% (30.38%+17.72%) agreed that e-banking must continue but however, 40.50% (27.85%+12.66%) disagree with that notion the remaining 11.39% were neutral and this shows that e-banking has not achieved its objectives as respondents have shown mixed feelings as some costs were going down while other were rising. Although slightly more

respondents agreed that e-banking should continue the bank a significant number of respondents disagreed to the idea.

4.4 Interview responses

4.4.1 Interview response rate

The writer targeted 12 interviews for five different departments at CABS and 11 were successful as presented by the table below.

Departments	Targeted interviews	Interviews conducted	Response rate
Finance	3	3	100%
ICT	2	2	100%
General management	1	1	100%
Retail	4	3	75%
Service center	2	2	100%
TOTAL	12	11	91.66%

Table 4.16 interview response rate

Source: Primary data

91.66% of the interviews were a success and all 11 interviews were done and a rate of above 70% is considered ideal as shown by table 4.16. 3 interviews were targeted in finance department, 2 in both the ICT and service center, 1 on the general management and 4 on the retail department. 100% interviews were conducted in all departments except in the retail where only 75% (3/4) interviews were conducted.

4.4.2 Summary and analysis of interview response

Question 1: What is e-banking?

Basically all (100%) the interviewees the pointed out that e-banking involve the use of internet in the undertaking of banking activities. They mentioned that it is the electronic means of providing banking activities. This was in conformity with Sarlak and Hastiani (2011) who defined e-banking as the undertaking of banking activities using electronic delivery channels or the integration of banking with electronic and network technologies. A conclusion can thus be reached that e-banking is banking online.

Question 2: Why has CABS adopted e-banking?

100% of the interviewees indicated that the fundamental reason CABS adopted e-banking was basically costs reduction. 45.45% (5/11) added that CABS wanted to keep abreast with the moving technology as secondary reason for e-banking. Forrester research (2003) supports the reason as he pointed out that the major reason why most European banks (Standard chartered and Barclays) introduced the use of internet into banking was that of curbing rising costs. Montague (2011) further added that the development was with the hope of eliminating those cost associated with providing financial services to the clients such as higher rentals for branches and wages for tellers.

Question 3: Why did costs continued to rise after the adaptation of e-banking at CABS?

81.18% (9/11) of the interviewees said that costs have continued to rise since the adaptation of e-banking mainly due to higher research and development costs, and redundancy costs that has resulted from e-banking. This is supported by Ayo (2006) who said that one of the causes that resulted in the rising costs at Fidelity bank was due to the increasing research and development that were done in order to keep abreast with the changing environment.

63.63% (7/11) also added that costs continued to rise due to the failure of the bank to promote and educate its customers on e-banking channels thereby incurring both costs of maintaining existing branches and the e-banking channels as more customers are still using manual processes than automated ones. This led to increase of labor costs and rental costs as e-banking has not cut on those costs. Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb (2012) castigated that Askari bank faced a challenge of increasing costs after resolving to e-banking because it did not do enough customer awareness and the resultant effect was that the bank incurred maintenance costs for both the existing branches and online channels. Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb (2012) said that costs only came down after some awareness campaigns that resulted in many clients using online channels than manual ones resulting in the saving of labour and rental costs.

45.45% (5/11) added that the bank was incurring more costs of retraining personnel as they have failed to retain its skilled workforce and thus costs have continued to rise. Asemanyiwa (2012) supports the point as he castigated that GTBank experienced increasing costs of retraining to its failure to retain its skilled personnel.

Question 4: What are the key factors to be considered for e-banking to successfully reduce costs at CABS?

100% of the respondents stated that strategic implementation of e-banking, ICT infrastructure development are two corner stones of e-banking. They explained that when there is a strong ICT environment all e-banking projects have a greater chance of success; however, there is need also for strategic implementation for these e-banking initiatives for costs to be reduced. This is supported by Dynamo (2001) who concluded that e-banking can only realise its intended result of costs reduction when projects have been implemented strategically as noted in Nordea bank. 45.45% (5/11) added that there is need for customer education to enable many clients to connect to e-banking channels. Emor (2002) explained that one of the key factor that led to the success of e-banking at Hansa bank was that of customer awareness programs and education that resulted in a greater percentage of internet usage in banking than manual.

Question 5: What is the main reason behind continuous use of traditional branches after adopting e-banking?

Of the interviewed 100% (11/11) said that the main reason that has let CABS to continuously use branches after adopting e-banking was larger numbers of customers using manual ways of transacting and a very small percentage was able to transact online using CABS e-banking platforms. They said that this is due lack customer’s knowledge of e-banking channels and the use of the channels. They have also noted that some functions cannot be done online and require manual processing there by reliance is then put on branches. Emor (2002) indicated that Nordea bank had to depend on branches as only fewer than 10% of the customers had the knowledge and accessed their accounts online forcing the bank to cater for the rest of the customers using the branches. Emor (2002) said that this was due to failure for management to commit resources into awareness programs and client’s education although some processes were could not be atomised.

4.5 Secondary data

Secondary data was obtained from cost and management reports, financial statements which analyzed the increase in transactional costs as shown by table 4.12 below.

Year	2012	2013	2014
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Transaction costs	\$22622142	\$28029216	\$35198701
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Table 4.17 Transactional costs Extracts from CABS costs reports 2012 and 2014

Source: CABS annual costs reports (2012-2014)

Table 4.17 shows that there was an increase in the transaction costs from 2012, 40.9% to 2013 by 23.9% and from 2013-2014 by 20.36%. This shows that costs were increasing since the adoption of e-banking in 2012 as was presented by secondary data.

4.6 Chapter summary

The chapter focused on the findings, presentation and analysis of data. Findings obtained from the research were presented in pie charts, tables and graphs and analysis was then done based on the data presented. The chapter paved way for the proceeding chapter in which conclusion and recommendations were made based on the findings presented in this chapter.

CHAPTER 5

SUMMARY, MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The chapter concludes the research by covering the introduction, summary of previous chapters, findings and conclusions then recommendations. Conclusions were derived from the data gathered in this research with the ultimate goal of providing solutions to the statement problem. Recommendations were made on the basis of suggesting remedy to the problem in question thereby laying a platform for further and future studies. Efforts were made to link the findings with those by other authors.

5.1 Executive summaries

Chapter one was centred on the increasing costs during the 2012-2014 periods at CABS as elaborated in the background of the study in which the research is based on. The study was then developed into an analysis of the prospects of e-banking as a method that reduce costs. The chapter also encapsulates the background to the study, statement of the problem, research questions and research objectives, delimitations of the study, assumptions, significance of the study, definition of key terms.

Chapter two focused on the consultation of other authorities regarding e-banking as a costs reduction measure. In this chapter both literature review and empirical evidence from different banks in deferent countries were gathered to examine how e-banking has reduced costs, advantages enjoyed, disadvantaged being experienced, challenges being faced when adopting e-banking and critical factors that has resulted in the success of e-banking. Evidence suggested that it is not only adoption of e-banking that result in costs reduction but there are several considerations that have to be put in place in order to successfully enjoy the benefits of e-banking and this has compelled the writer to carry out this research.

Chapter three covered the data collection methodology with samples drawn from Central Africa Building Society (CABS) employees. The research used both the primary data and the secondary data to explore the behaviour of costs in the period under study. The research used

various research techniques like interviews, questionnaires and analysis of reports and financial statements to obtain the required data from CABS employees.

The analysis and presentation of findings gathered from methods referred to in chapter 3 was done in chapter four. 12 interviews conducted and only 11 were successful giving a 91.67% success rate while questionnaires achieved 76% success rate with 24% unsuccessful. Findings were presented in charts, tables, and graphs so as to show findings pictographically. Data from the research was analysed and comparisons were made with findings from other researches discussed in chapter two.

5.2 Major findings

In the quest to establish if e-banking has attained its ultimate goal of cost reduction at CABS, the research segmented the research into five research objectives which are motive for e-banking's adaptation, advantages, challenges, measures to mitigate the challenges and essential factors underpinning the success of e-banking.

5.2.1 Research objective 1: Establishment of reason behind adopting e-commerce in banking.

The research established that CABS adopted e-commerce with the view to reduce increasing transaction costs. This concurred with Forrester research (2003) and Booz et al (1996) who conducted their researches on e-banking in European banks and Wells Fargo bank (USA) respectively. They concluded that the ultimate objective of most businesses is profit maximization and adopting e-commerce present banks with the opportunity to lower down on costs.

5.2.2 Research objective 2: Advantages of e-banking and the extent at which CABS have realised them.

In a bid to lower down costs through e-banking, CABS managed to provide clients with 24/7 service at a very low costs, speed and accuracy in processing transactions and exploring new markets through virtual banking. As supported by Booz et al (1996) after a study on how e-banking has positively transformed Wells Fargo bank (USA), ATMs, online and offline banking has enabled 24/7 operation at a very low costs of about 13 times than that of providing 24/7 services through a traditional branch. Emor (2002) concord with Booz et al (1996) after a study of Hansa bank (Estonia) that e-banking enables 24/7 operation at a lower costs than

branches. Booz et al (1996) added that in most branches in USA banks long queues have been eliminated and millions of transactions were processed with a very small margin of error through the use of electronic means of banking. Toomla (2003) also confirms that e-banking enables venturing into new markets after a study of Union bank (India) which attracted hundreds of thousands of new clients from as far as Latvia, Belgium and UAE through the use of online and offline banking platforms.

5.2.3 Research objective 3: Challenges linked with e-banking adoption at CABS.

The research found that the increasing costs at CABS during the period under study were due to several factors in the e-banking adoption process. The factors are high research and development costs, high redundancy costs and high initial outlay. Despite e-banking having reduced some administrative and stationary costs, challenges like retaining of skilled workforce, customer incognizance and security threats were considered to have contributed much to the increase in transaction costs at CABS. Dynamo (2001) agreed to the notion that e-banking has high research and development cost after a study of Finland's Nordea bank. Furthermore, Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb (2012) and Twum and Ahenkora (2012) support that e-banking is associated with high redundancy costs, high initial outlay after study of Askari bank in Pakistan and GTBank (Ghana) respectively. Empirical evidence from the above sources confirms that challenges of retaining skilled staff, customer incognizance and security threats all have a bearing on the rising of costs.

5.2.4 Research objective 4: Measures that can be implemented to mitigate the challenges of e-banking at CABS.

To curb the effects of the challenges identified, the writer established that CABS developed its ICT infrastructure, customer awareness programs, develop strong security systems and training of staff. Empirical evidence done by Ayo (2006) on Fidelity bank (Nigeria) concurs with the fact that development of ICT infrastructure and training of staff has been paramount in the success of e-banking to the Nigerian bank. Shakil Ahmad, Rashid and Ehtisham-UI-Mujeeb (2012) and Twum and Ahenkora (2012) in their study of the impact of e-banking on Askari and GTBank respectively also said customer awareness programs and development of strong security systems are key measures to mitigate the challenges of e-banking.

5.2.5 Research objective 5: essential aspects underpinning the success of e-banking at CABS.

The research found out that several aspects were essential for e-banking at CABS and these are strategic implementation of e-banking, infrastructure development and customer education as confirmed by the empirical evidence gathered.

5.3 Recommendations

The following recommendations were proposed after considering the findings noted in (5.2) above.

- CABS must go an extra mile in promoting awareness and educating its clients regarding various e-banking channels so as to enable the majority of the client base to change from traditional banking to e-banking. By e-banking client's education the bank will be able to reduce costs associated with managing branches which are more costly and concentrate on less costly e-banking channels. Costs like high branch rentals, staffing costs can be reduced significantly when majority of clients use e-banking channels. Emor (2002) said that education of clients on e-banking channels was vital in the reduction of costs for Hansa bank as a greater percentage of clients moved to e-banking allowing the bank to reduce on tellers and banking halls at the same time satisfying the needs of millions of customers. In that same manner CABS can reduce its costs.
- The bank should adopt e-banking in its entirety meaning that the transformations must be done across all business processes and functions including loan application and processing, marketing, advertising and offline banking. In line with this Narteh (2012) and Twum and Ahenkora (2012) in their study of Ghana banks stated that a full strategic implementation of all e-banking substantially reduce costs.
- As the technological environment is dynamic CABS should continuously consider training of staff to keep abreast with the changing environment. When the workforce is well rightly trained in light of recent developments then successful implementation of e-banking is inevitable and a platform for e-banking to achieve its goal of costs reduction would have been established. Empirical evidence from a study on Ghana banks indicated that training and retaining of personnel is vital for e-banking's adaptation.

- CABS should continuously develop strong security mechanisms to curb the risks associated with security threats. The use of Internet has the risk of cyber-crimes and hacking therefore it is imperative for establishing latest security against recent sophisticated ICT threats. Toomla (2003), Booz et al (1996) and Dynamo (2001) confirm that e-banking in most European and American banks has been implemented under firm security systems making it vital for the success of e-banking. In the say way CABS should continue develop strong security systems to curb the threats.
- The bank should come up with strategies to retain skilled personnel as there is scramble for skilled personnel in the market. This is in consistence with empirical evidence gathered by Emor (2002) and Narteh (2012) who concluded that e-banking can only be a success when banks are able to retain skilled personnel suitable for the job.

5.4 Conclusion

The research analysed e-banking as a cost reduction method at CABS taking into account the reason for e-banking, advantages of e-banking, challenges of implementation e-banking, measures to mitigate the challenges and essential aspects that underpin the success of e-banking. The research was a success as all the objectives were fulfilled as the research findings concluded that CABS was not able to cut down on costs through the use of e-banking channels mainly due to failure to educate the clients on the use of e-banking channels, failure to train and retain skilled employees, security threats and adopting e-banking in its entirety.

5.5 Areas of further study

Further study may be based on the benefits of e-banking other than reduction of transactional costs in the financial industry. Future researchers should concentrate on the impact of e-banking on company survival in the financial sector.

APPENDICES

Appendix A: Cover letter



Midlands State University

Faculty of Commerce

Department of Accounting

P. Bag 9055

Gweru

31 March 2016

The Operations Manager

CABS

P.O. Box 2798

Harare, Zimbabwe

Dear Sir/Madam

RE: PERMISSION TO CARRY OUT AN ACADEMIC RESEARCH AT CABS

My name is Happymore Muguzuri and I do hereby seek your permission to undertake a research on “**An analysis of e-banking as a cost reduction method at CABS**”. The research is undertaken in partial fulfilment of the Bachelor of Commerce Honours Degree in Accounting which is the programme the writer is currently undertaking.

The information provided to me shall be kept confidential and used for academic purpose only.

Your assistance will greatly be appreciated.

Yours faithfully

Happymore Muguzuri (R125266T)

Appendix B: Research Questionnaire

RESEARCH QUESTIONNAIRE

Instructions on filling the questionnaire

- Answer all questions.
- Please tick in the box as appropriate, your response.

SECTION A: DEMOGRAPHICS

1. Gender?
 Male Female
2. Academic Qualification?
 PHD Masters Degree Diploma Others
3. Duration at CABS?
 10 years and above 3-9years 0-2 years
4. Religion?
 Christian African Tradition Other None

SECTION B: RESPONSIVE QUESTIONS

Please tick in the box as appropriate, your response.

I Strongly disagree	I disagree	I am not sure	I Agree	I strongly agree
1	2	3	4	5

In this organisation:

1	Reason for adopting e-banking is					
	-costs reduction	1	2	3	4	5
	-Technological advancement	1	2	3	4	5
2	E-banking has achieved its objective	1	2	3	4	5
3	Advantages linked with adopting e-banking are					
	-cost reduction	1	2	3	4	5
	-Round the clock operation	1	2	3	4	5
	- Expanding the market reach	1	2	3	4	5
	-Increased speed and accuracy	1	2	3	4	5

3	Disadvantages of adapting e-banking are					
	-high research and development	1	2	3	4	5
	-high redundancy costs	1	2	3	4	5
	-high initial outlay	1	2	3	4	5
4	Challenges linked with implementation of e-banking are					
	-Retaining of skilled workforce	1	2	3	4	5
	-security threats	1	2	3	4	5
	-Customer incognizance	1	2	3	4	5
	-Sound ICT infrastructure	1	2	3	4	5
5	Measures to mitigate the challenges are					
	-retain of skilled workforce	1	2	3	4	5
	-Develop strong security systems	1	2	3	4	5
	-ICT Infrastructure development programmes	1	2	3	4	5
	-customer awareness strategies	1	2	3	4	5
6	Essential factors underpinning the success of e-banking at are					
	-ICT infrastructure development	1	2	3	4	5
	-strategic implementation	1	2	3	4	5
	-customer education	1	2	3	4	5
7	CABS is still relying more on traditional branches than e-banking channels.	1	2	3	4	5
8	CABS have done sufficient customer education on e-banking facilities.	1	2	3	4	5
9	CABS should continue to use e-banking.	1	2	3	4	5

Appendix C: Interview Guide

Interview Guide

1. What is e-banking?
2. Why has CABS adopted e-banking?
3. Why did costs continued to rise after the adaptation of e-banking at CABS?
4. What are the key factors to be considered for e-banking to successfully reduce costs at CABS?
5. What is the main reason behind continuous use of traditional branches after adopting e-banking?

Thank you

Happymore Muguzuri (R125266T)

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